

FINAL BUDGET OF

KHâI-MA

MUNICIPALITY

NC067



2014/15 TO 2016/17

MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

LED	Local Economic Development	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

Part 1 – Annual Budget

1.1 Mayor's Report

FINAL BUDGET REPORT 2014/2015					
The operating and capital budget of the Council has been compiled in order to comply with the Local Government: Municipal Finance Management Act, 2003.					
Two key concepts that were considered in compiling the budget were:					
1. The Budget must be funded according to MFMA section 18 (1).					
2. The budget must be credible.					
There has been budgeted for a deficit of R 526,060 on the operating budget while the total capital budget amounting to R19,987,440 has been funded from Government Grants.					
The deficit of R 526,060 is due to financial instruments budgeted according GRAP. It has effect on the cashflow budget (Table SA7).					
Statistics:					
Expenditure by source versus Total Budget					
	R	R	%		
Employee related costs:	R 19 319 070	R 48 984 800	39		
Working capital	R 2 550 000	R 48 984 800	5		
Depreciation	R 2 885 760	R 48 984 800	6		
Interest external borrowing	R 210 000	R 48 984 800	0		
Bulk purchases	R 7 327 200	R 48 984 800	15		
General expenditure	R 15 059 280	R 48 984 800	31		
Other Material	R 1 633 490	R 48 984 800	3		
Income by source versus Total Budget					
	R	R			
Property rates	R 3 319 410	R 68 446 180	5		
Service charges	R 15 756 070	R 68 446 180	21		
External interest investments	R 200 000	R 68 446 180	0		
Interest Outstanding debtors	R 648 000	R 68 446 180	1		
Grants and subsidies	R 43 116 260	R 68 446 180	70		
Other income	R 5 409 440	R 68 446 180	3		
		R 19 461 380			
Capital expenditure		R 19 987 440			
		R -526 060			

In order to finance the increase in salaries, wages and allowances of officials and councilors, the provision for working capital, provision for depreciation and the normal increases in general expenditure and repairs and maintenance to the council's capital assets, the following increase in tariffs are recommended:							
Electricity - 7.39% (NER approved)							
Water - 10%							
Sewerage - 10%							
Refuse Removal - 10%							
Assessment - 10%							
In compiling the budget cognisance was taken of the fact that there has been still no development in the council's area of jurisdiction for a number of years.							
All capital expenditure on infrastructure such as water, sewerage, electricity and refuse removal is financed from grants received from central and provincial government with the result that no development is possible. Council cannot finance IDP projects due to the tax base that is inadequate. Council received R10,181,000 from MIG for the 2013/2014.							
The allocation for the 2014/2015 from MIG amounting to R8,376,010.							
Indigents amount to 77% of the council's consumers which are financed from the equitable share grant received from Central Government, with the result that only 23 % contribute towards the council's tax base which is hopelessly inadequate to finance any development in the council's area of jurisdiction. The overspending of the 6kl water is one of the main reasons why council cannot fulfil its financial commitments and obligations.							
Provision has been made in the operating budget for an amount of R2,550,00 for provision for working capital, which is not cashed backed.							
It is therefore obvious that only labour intensive projects should in future be undertaken in order to address the chronic unemployment and poverty that exists in the council's area of jurisdiction.							
Grants received from central and provincial departments are as follows:							
Municipal Infrastructure Grant:		R 8 376 010	(Capital)				
Finance Management Grant:		R 1 800 000	(Operating)				
Municipal Improvement Grant:		R 934 000	(Operating)				
Equitable Share		R 13 821 000	(Operating)				
Library Development Grant:		R 747 000	(Operating)				
EPWP		R 1 000 000	(Capital)				
EEDSM		R 3 000 000	(Capital)				
		R 29 678 010					
A.J. JOSOP							
MAYOR							

1.2 Council Resolutions

On 31 May 2014 the Council of Khâi-MA Local Municipality met in the Council Chambers of Khâi-MA Municipality to consider **the final annual budget of the municipality** for the financial year 2014/15. The Council approved and adopted the following resolutions:

1. The Council of Khâi-MA Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual draft budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Khâi-MA Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014:
 - 2.1. the tariffs for property rates – as set out in Annexure A,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure C
 - 2.4. the tariffs for sanitation services – as set out in Annexure E
 - 2.5. the tariffs for solid waste services – as set out in Annexure F
3. The Council of Khâi-MA Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 **the proposed tariffs for other services**, as set out in Annexures G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of Khâi-MA Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipalities financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality business and service delivery priorities were reviewed as part of this year's planning and budget process.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No. 51,54,58 and 67 were used to guide the compilation of the 2013/14 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Pella Water Board and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the draft budget for 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Draft Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- An upper limit of expenditure was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Refreshments and entertainment
 - Subsistence and Travelling.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2013/14 MTREF

R Thousand	Adjustment Budget 2013/2014	Budget 2014/2015	Budget 2015/2016	Budget 2016/2017
Total Operating Revenue	49 679 610	48 548 740	44 980 171	47 159 132
Total Operating Expenditure	50 289 190	48 984 800	44 381 260	47 219 833
Surplus/ (Deficit for the year)	-609 580	-436 060	598 911	-60 701
Transfer recognised -capital	14 463 360	19 897 440	6 767 454	6 882 456
Surplus/ (Deficit for the year)	13 853 780	19 461 380	7 366 365	6 821 755
	6.28	-2.28	-7.35	4.84

Total operating revenue has decrease by -2.28% or R1,130,870 for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will increase by -7.35% during 2015/2016 and 4.84% during 2016/2017 respectively when compared to the 2013/14 financial year.

1.4 Operating Revenue Framework

For the Khâl-MA to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 80 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	1 790	2 044	2 433	2 996	2 813	2 813	2 813	3 319	3 519	3 730
Property rates - penalties & collection charges		—	—	—	150	150	150	150	100	106	112
Service charges - electricity revenue	2	3 341	3 940	4 711	6 084	5 835	5 835	5 835	6 763	7 263	7 800
Service charges - water revenue	2	1 354	4 137	5 267	6 386	6 506	6 506	6 506	6 599	6 995	7 414
Service charges - sanitation revenue	2	607	637	719	1 132	1 132	1 132	1 132	1 631	1 729	1 833
Service charges - refuse revenue	2	422	474	527	739	691	691	691	763	809	857
Service charges - other		—	—	17	20	79	79	79	48	50	53
Rental of facilities and equipment		118	129	139	433	145	145	145	1 083	1 147	1 216
Interest earned - external investments		424	351	299	200	230	230	230	200	212	225
Interest earned - outstanding debtors		617	854	929	653	653	653	653	648	687	728
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		21	17	17	30	30	30	30	30	32	34
Licences and permits		24	29	26	36	36	36	36	36	38	40
Agency services		105	110	118	135	135	135	135	135	143	152
Transfers recognised - operational		20 871	20 651	20 762	29 502	30 343	24 609	24 609	23 216	18 130	18 839
Other revenue	2	1 121	598	606	1 185	1 644	1 644	1 644	3 979	3 931	4 126
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		30 816	33 974	36 569	49 680	50 421	44 687	44 687	48 549	44 790	47 159

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms not a significant percentage of the revenue basket for the municipality. Rates and service charge revenues comprise more than one thirds of the total revenue mix. In the 2014/15 financial year, revenue from rates and services charges totalled R19 million. This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Operating grants and transfers totals R25 million in the 2013/14 financial year and decreases to R 23 million by 2014/15. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

NC067 Khai-Ma - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		13 096	12 961	16 279	16 188	16 188	16 188	16 555	17 521	18 199
Local Government Equitable Share		9 566	10 921	12 489	13 134	13 134	13 134	13 821	14 867	15 359
Finance Management		2 850	1 250	1 400	1 650	1 650	1 650	1 800	1 687	1 822
Municipal Systems Improvement		680	790	760	765	765	765	934	967	1 018
Municipal Infrastructure		–	–	1 630	639	639	639	–	–	–
Water Affairs		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		14 472	7 716	11 771	13 314	15 082	15 082	6 481	609	640
Housing		13 986	7 300	11 350	12 780	14 664	14 664	5 734	–	–
Library		195	416	415	484	368	368	747	609	640
Tourism		14	–	–	–	–	–	–	–	–
Extended Public Works Program		278	–	–	–	–	–	–	–	–
Prov . Sport		–	–	–	50	50	50	–	–	–
Prov . Infrastructure Grant		–	–	–	–	–	–	–	–	–
Boundary Fencing		–	–	6	–	–	–	–	–	–
District Municipality:		103	39	895	–	–	–	30	–	–
Namakwa District Municipality		103	–	858	–	–	–	–	–	–
NDM -LG SETA		–	39	37	–	–	–	30	–	–
Other grant providers:		–	–	50	–	–	–	150	–	–
Other		–	–	50	–	–	–	150	–	–
Vedanta - Black Mountain		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	27 671	20 715	28 995	29 502	31 270	31 270	23 216	18 130	18 839

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 5.6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Pella Water Board bulk tariffs are far beyond the mentioned inflation target.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates not covering the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2013 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R25000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- State department granted 10% of the value of a property.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 10 per cent increase from 1 July 2014 is contained below:

Table 4 Comparison of proposed rates to levied for the 2013/14 financial year

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2014)
	c	C
Residential properties	0.012	0.0132
State owned properties	0.0108	0.01188
Business & Commercial	0.018	0.0198
Agricultural	0.00065	0.0006955
Vacant land	0.012	0.0132
Municipal rateable	0	0
Industrial	0.018	0.0198
Non-permitted use	0	0
Public benefit organisation properties	0	0

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

A tariff increase of 10 per cent from 1 July 2014 for water is proposed.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
RESIDENTIAL		
(i) 1 >	9.50	10.45
BUSSINESS		
(ii) 1>	9.50	10.45

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 6 Comparison between current water charges and increases (Domestic)

Monthly consumption kl	Current amount payable	Propsed amount payable	Difference (Increase)	Percentage change %
20	190	209.00	19.00	10.00
30	285	313.50	28.50	10.00
40	380	418.00	38.00	10.00
50	475	522.50	47.50	10.00
80	760	836.00	76.00	10.00
100	950	1045.00	95.00	10.00

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 7.39 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

All indigents will receive 50 kWh free of charge.

Table 7 Comparison between current electricity charges and increases (Domestic)

TARIFF INCREASES FROM 2010/2011 UNTIL 2016/17														
	2010/11	% INCREASE	2011/12	% INCREASE	2012/13	% INCREASE	2013/14	% INCREASE	2014/15	% INCREASE	2015/16	% INCREASE	2016/17	% INCREASE
Electricity pre-paid (Econ)	0.95	15.85	1.11	16.84	1.24	11.71	1.33	7.5	1.416	7.39	1.515	7	1.621	
Electricity pre-paid (Indigent)	0.81	15.71	0.97	19.75	10.18	10.18	1.13	7.5	1.206	7.39	1.29	7	1.38	

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2014. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The pre-paid system currently in use is very old. No information report can be generated from the system.

A tariff increase of 10 per cent for sanitation from 1 July 2014 is proposed. The following factors also contribute to the proposed tariff increase:

- Free sanitation will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to R1,630,930 for the 2014/15 financial year.

The following table compares the current and proposed tariffs:

Table 8 Comparison between current sanitation charges and increases

CATEGORY	CURRENT TARIFF 2013/14		PROPOSED TARIFF 2014/15	
	per cent DISCHARGED	Basic	per cent DISCHARGED	Basic
		R		R
Residential and Indigents		85.00		93.50
Business		85.00		93.50

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 9 Comparison between current sanitation charges and increases, single dwelling-houses

Monthly sanitation	Current amount	Proposed amount	Difference
Consumption	payable	Payable	(% increase)
	R	R	R
First pump	85.00	93.50	10%

1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a deficit due to high percentage of indigents.

A proposed 10 per cent increase in the waste removal tariff is proposed from 1 July 2014. Any increase higher than 10% per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2014:

Table 10 Comparison between current waste removal fees and increases

	CURRENT TARIFFS 2013/14			PROPOSED TARIFFS 2014/15		
		WASTE REMOVAL	CLEANING		WASTE REMOVAL	CLEANING
Tariff per container per month or part of a month:Residencial		Per month (R)80.00			Per month (R)88.00	
Tariff per container per month or part of a month:Business		Per month(R)110.00			Per month (R)176.00	

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 8.2 per cent. The increase for indigent households is also 8.2% and will be subsidized from the equitable share.

Table 12 MBRR Table SA14 – Household bills

NC067 Khai-Ma - Supporting Table SA14 Household bills											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		192.20	217.35	234.43	700.00	700.00	700.00		770.00	816.20	865.17
Electricity: Basic levy		—	—	—	—	—	—				
Electricity: Consumption		970.00	1 110.00	1 240.00	1 330.00	1 330.00	1 330.00		1 416.00	1 529.28	1 621.18
Water: Basic levy		55.00	60.50	65.00	90.00	90.00	90.00		99.00	104.94	111.24
Water: Consumption		156.00	204.00	265.50	285.00	285.00	285.00		313.50	332.31	352.25
Sanitation		59.40	65.30	70.00	85.00	85.00	85.00		93.50	99.11	105.06
Refuse removal		57.00	62.70	67.00	80.00	80.00	80.00		88.00	93.28	98.88
Other		—	—	—	—	—	—				
sub-total		1 489.60	1 719.85	1 941.93	2 570.00	2 570.00	2 570.00	8.2%	2 780.00	2 975.12	3 153.78
VAT on Services		—	—	—	—	—	—				
Total large household bill:		1 489.60	1 719.85	1 941.93	2 570.00	2 570.00	2 570.00	8.2%	2 780.00	2 975.12	3 153.78
% increase/-decrease			15.5%	12.9%	32.3%	—	—		8.2%	7.0%	6.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		—	—	—	—	—	—				
Electricity: Basic levy		—	—	—	—	—	—				
Electricity: Consumption		408.36	498.89	620.00	665.00	665.00	665.00		708.00	750.48	795.51
Water: Basic levy		62.00	60.50	65.00	90.00	90.00	90.00		99.00	104.94	111.24
Water: Consumption		130.00	170.00	221.25	237.50	237.50	237.50		261.25	275.92	293.54
Sanitation		59.40	65.30	77.17	85.00	85.00	85.00		93.50	99.11	105.06
Refuse removal		57.00	62.70	67.00	80.00	80.00	80.00		88.00	93.28	98.88
Other		—	—	—	—	—	—				
sub-total		716.76	857.39	1 050.42	1 157.50	1 157.50	1 157.50	8.0%	1 249.75	1 323.73	1 404.23
VAT on Services		—	—	—	—	—	—				
Total small household bill:		716.76	857.39	1 050.42	1 157.50	1 157.50	1 157.50	8.0%	1 249.75	1 323.73	1 404.23
% increase/-decrease			19.6%	22.5%	10.2%	—	—		8.0%	5.9%	6.1%
Monthly Account for Household - 'Indigent Household receiving free basic services'	3										
Rates and services charges:											
Property rates		—	—	—	—	—	—				
Electricity: Basic levy		—	—	—	—	—	—				
Electricity: Consumption		332.50	339.50	356.30	395.50	395.50	395.50		422.10	455.88	492.35
Water: Basic levy		55.00	60.50	65.00	90.00	90.00	90.00		99.00	104.94	111.24
Water: Consumption		31.20	40.80	123.90	190.00	190.00	190.00		209.00	221.54	234.83
Sanitation		59.40	65.30	70.00	85.00	85.00	85.00		93.50	99.11	105.06
Refuse removal		55.00	62.70	67.00	80.00	80.00	80.00		88.00	93.28	98.88
Other		—	—	—	—	—	—				
sub-total		533.10	568.80	682.20	840.50	840.50	840.50	8.5%	911.60	974.75	1 042.36
VAT on Services		—	—	—	—	—	—				
Total small household bill:		533.10	568.80	682.20	840.50	840.50	840.50	8.5%	911.60	974.75	1 042.36
% increase/-decrease			6.7%	19.9%	23.2%	—	—		8.5%	6.9%	6.9%

1.5 Operating Expenditure Framework

The municipalities expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type											
Employee related costs	2	6 245	8 492	11 219	14 907	13 772	13 772	13 772	17 461	18 578	19 768
Remuneration of councillors		1 399	1 587	1 736	1 991	1 991	1 991	1 991	1 858	1 977	2 104
Debt impairment	3	1 575	4 249	4 520	1 936	1 826	1 826	1 826	2 550	2 134	2 239
Depreciation & asset impairment	2	1 769	2 094	2 161	2 392	2 397	2 397	2 397	2 886	2 637	2 766
Finance charges		899	658	511	347	347	347	347	226	382	401
Bulk purchases	2	4 003	4 951	6 327	6 504	6 904	6 904	6 904	7 327	7 918	8 556
Other materials	8	1 015	–	1 306	1 393	1 393	1 393	1 393	1 633	1 723	1 818
Contracted services		210	242	267	5	285	285	285	5	5	6
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure by type	4, 5	12 516	16 873	12 499	20 796	21 997	21 997	21 997	15 013	9 026	9 564
Loss on disposal of PPE		34	189	23	20	25	25	25	25	–	–
Total Expenditure		29 665	39 336	40 569	50 289	50 936	50 936	50 936	48 985	44 381	47 220

The budgeted allocation for employee related costs for the 2014/15 financial year totals R17.5 million, which equals 35.64 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2014/15 financial year. An annual increase of 6.4 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998).

The provision of debt impairment was determined based on an annual collection rate of 85% per cent and the Debt Write-off Policy of the municipality.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). All longterm loans are redeemed.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Pella Waterboard. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipalities infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following table gives a breakdown of the main expenditure categories for the 2014/15 financial year.

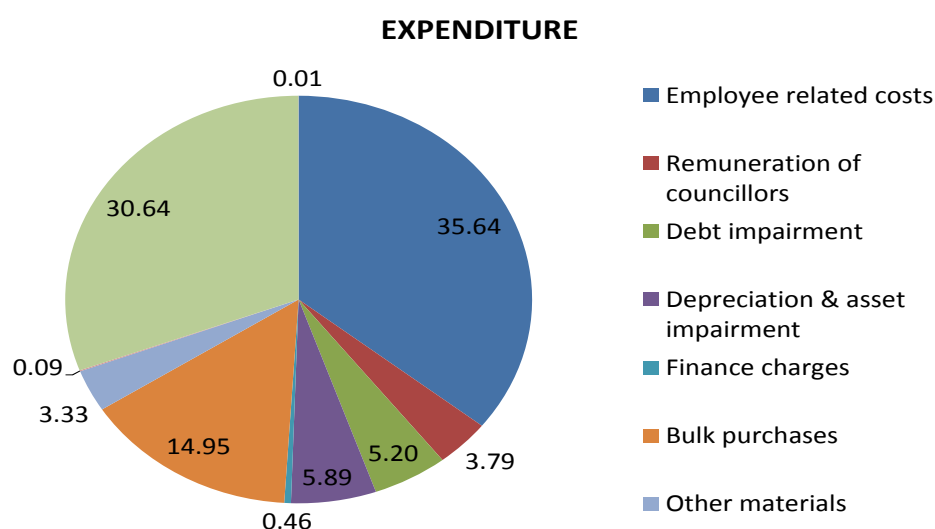


Figure 1 Main operational expenditure categories for the 2014/15 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipalities current infrastructure, the 2014/15 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality.

Table 14 Operational repairs and maintenance

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Employee related cost											
Other materials	8	1 015	–	1 306	1 393	1 393	1 393	1 393	1 633	1 723	1 818
Contracted services		210	242	267	5	285	285	285	5	5	6
		1 225	242	1 572	1 398	1 678	1 678	1 678	1 638	1 729	1 824

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		1 769	2 094	2 161	2 392	2 397	2 397	2 886	2 637	2 766
Repairs and Maintenance by Asset Class	3	740	1 063	1 311	1 707	1 320	1 320	1 908	1 664	1 756
Infrastructure - Road transport		–	9	8	15	15	15	30	32	33
Infrastructure - Electricity		509	99	203	550	360	360	530	211	223
Infrastructure - Water		103	374	369	400	350	350	530	559	590
Infrastructure - Sanitation		–	16	–	20	20	20	30	32	33
Infrastructure - Other		32	54	13	–	–	–	–	–	–
Infrastructure		644	552	592	985	745	745	1 120	833	879
Community		30	9	159	35	35	35	40	42	45
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	66	502	560	687	540	540	748	789	832
TOTAL EXPENDITURE OTHER ITEMS		2 508	3 157	3 473	4 098	3 716	3 716	4 793	4 301	4 522

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipalities Indigent Policy. The target is to register 1700 or more indigent households during the 2014/15 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:Table 16 2013/14 Medium-term capital budget per vote

NC067 Khai-Ma - Table A9 Asset Management

NC06/ Khai-Ma - Table A9 Asset Management											
Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE											
Total New Assets		1	9 051	3 339	9 064	15 803	29 399	29 399	19 987	6 767	6 882
Infrastructure - Road transport			656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882
Infrastructure - Electricity			40	41	1 000	2 053	4 829	4 829	3 000	-	-
Infrastructure - Water			7 256	1 552	-	-	1 563	1 563	880	-	-
Infrastructure - Sanitation			40	70	1 600	-	3 694	3 694	2 951	-	-
Infrastructure - Other			-	176	-	-	-	-	-	-	-
Infrastructure			7 993	2 270	6 050	11 420	20 521	20 521	15 530	6 767	6 882
Community			295	502	1 455	2 849	2 778	2 778	1 167	-	-
Heritage assets			-	2	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	764	566	1 560	1 535	6 100	6 100	3 290	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			-	-	-	-	-	-	-	-	-
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	-	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport			656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882
Infrastructure - Electricity			40	41	1 000	2 053	4 829	4 829	3 000	-	-
Infrastructure - Water			7 256	1 552	-	-	1 563	1 563	880	-	-
Infrastructure - Sanitation			40	70	1 600	-	3 694	3 694	2 951	-	-
Infrastructure - Other			-	176	-	-	-	-	-	-	-
Infrastructure			7 993	2 270	6 050	11 420	20 521	20 521	15 530	6 767	6 882
Community			295	502	1 455	2 849	2 778	2 778	1 167	-	-
Heritage assets			-	2	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	764	566	1 560	1 535	6 100	6 100	3 290	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	9 051	3 339	9 064	15 803	29 399	29 399	19 987	6 767	6 882
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport		5	2 099	2 368	5 813	12 590	12 570	12 570	21 116	27 737	34 467
Infrastructure - Electricity			2 750	2 664	3 570	5 556	7 770	7 770	10 597	10 509	10 417
Infrastructure - Water			14 114	15 205	19 069	13 778	15 695	15 695	16 104	15 658	15 189
Infrastructure - Sanitation			2 823	2 777	4 157	4 227	6 354	6 354	9 211	9 131	9 046
Infrastructure - Other			1 752	1 742	1 070	1 142	1 322	1 322	808	257	(321)
Infrastructure			23 538	24 755	33 679	37 293	43 712	43 712	57 836	63 292	68 796
Community			8 596	8 913	12 641	12 903	13 435	13 435	14 407	14 235	14 054
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	75	-	75	71	71	69	67	65
Other assets			30 811	30 405	31 720	31 569	36 233	36 233	38 289	37 189	36 032
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			387	342	387	342	206	206	156	106	56
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	63 332	64 490	78 427	82 182	93 657	93 657	110 758	114 889	119 005
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment			1 769	2 094	2 161	2 392	2 397	2 397	2 886	2 637	2 766
Repairs and Maintenance by Asset Class		3	740	1 063	1 311	1 707	1 320	1 320	1 908	1 664	1 756
Infrastructure - Road transport			-	9	8	15	15	15	30	32	33
Infrastructure - Electricity			509	99	203	550	360	360	530	211	223
Infrastructure - Water			103	374	369	400	350	350	530	559	590
Infrastructure - Sanitation			-	16	-	20	20	20	30	32	33
Infrastructure - Other			32	54	13	-	-	-	-	-	-
Infrastructure			644	552	592	985	745	745	1 120	833	879
Community			30	9	159	35	35	35	40	42	45
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	66	502	560	687	540	540	748	789	832
TOTAL EXPENDITURE OTHER ITEMS			2 508	3 157	3 473	4 098	3 716	3 716	4 793	4 301	4 522

For 2014/15 an amount of R15,5 million has been appropriated for the development of infrastructure which represents 100 per cent of the total capital budget.

Total new assets represent 100 per cent or R8.3 million of the total capital budget while asset renewal equates to 0 per cent. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Backlog eradication of roads – R8,3 million;

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35.

1.7 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 17 MBRR Table A1 - Budget Summary

NC067 Khai-Ma - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	1 790	2 044	2 433	3 146	2 963	2 963	2 963	3 419	3 625	3 842
Service charges	5 724	9 189	11 241	14 360	14 243	14 243	14 243	15 804	16 846	17 957
Investment revenue	424	351	299	200	230	230	230	200	212	225
Transfers recognised - operational	20 871	20 651	20 762	29 502	30 343	24 609	24 609	23 216	18 130	18 839
Other own revenue	2 007	1 738	1 834	2 472	2 643	2 643	2 643	5 910	5 978	6 296
Total Revenue (excluding capital transfers and contributions)	30 816	33 974	36 569	49 680	50 421	44 687	44 687	48 549	44 790	47 159
Employee costs	6 245	8 492	11 219	14 907	13 772	13 772	13 772	17 461	18 578	19 768
Remuneration of councillors	1 399	1 587	1 736	1 991	1 991	1 991	1 991	1 858	1 977	2 104
Depreciation & asset impairment	1 769	2 094	2 161	2 392	2 397	2 397	2 397	2 886	2 637	2 766
Finance charges	899	658	511	347	347	347	347	226	382	401
Materials and bulk purchases	5 018	4 951	7 633	7 896	8 296	8 296	8 296	8 961	9 641	10 374
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	14 335	21 554	17 308	22 756	24 133	24 133	24 133	17 593	11 166	11 808
Total Expenditure	29 665	39 338	40 569	50 289	50 936	50 936	50 936	48 985	44 381	47 220
Surplus/(Deficit)	1 151	(5 362)	(3 999)	(610)	(515)	(6 250)	(6 250)	(436)	409	(61)
Transfers recognised - capital	8 601	3 147	4 545	14 463	28 006	28 006	28 006	19 897	6 767	6 882
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Capital expenditure & funds sources										
Capital expenditure	9 051	3 339	9 064	15 803	29 399	29 399	29 399	19 987	6 767	6 882
Transfers recognised - capital	8 601	3 147	9 024	14 464	28 006	28 006	28 006	19 897	6 767	6 882
Public contributions & donations	218	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	1 300	1 300	1 300	1 300	-	-	-
Internally generated funds	231	192	40	40	93	93	93	90	-	-
Total sources of capital funds	9 051	3 339	9 064	15 803	29 399	29 399	29 399	19 987	6 767	6 882
Financial position										
Total current assets	12 403	16 099	11 586	23 481	10 387	10 387	19 664	12 478	16 531	20 380
Total non current assets	63 332	64 490	78 427	82 182	93 657	93 657	93 657	110 758	114 889	119 005
Total current liabilities	12 962	18 495	9 421	8 643	8 525	8 525	17 802	13 521	14 275	15 072
Total non current liabilities	6 212	7 582	6 897	9 425	9 496	9 496	9 496	9 966	10 218	10 565
Community wealth/Equity	56 560	54 511	73 694	87 594	86 023	86 023	86 023	99 750	106 927	113 748
Cash flows										
Net cash from (used) operating	9 207	7 313	13 796	23 325	24 579	24 579	24 579	19 630	6 758	7 776
Net cash from (used) investing	(9 778)	(2 866)	(9 064)	(15 803)	(29 399)	(29 399)	(29 399)	(19 987)	(6 767)	(6 882)
Net cash from (used) financing	(485)	(402)	6	1 306	1 303	1 303	1 303	(230)	(233)	(230)
Cash/cash equivalents at the year end	(1 184)	2 860	7 598	15 121	2 887	2 887	2 887	2 300	2 057	2 721
Cash backing/surplus reconciliation										
Cash and investments available	5 309	9 353	6 293	15 121	2 887	2 887	12 164	2 300	2 057	2 721
Application of cash and investments	9 409	13 881	5 461	1 690	2 837	2 837	12 115	5 712	3 490	1 089
Balance - surplus (shortfall)	(4 100)	(4 528)	832	13 431	50	50	50	(3 412)	(1 433)	1 632
Asset management										
Asset register summary (WDV)	63 332	64 490	78 427	82 182	93 657	93 657	93 657	110 758	114 889	119 005
Depreciation & asset impairment	1 769	2 094	2 161	2 392	2 397	2 397	2 397	2 886	2 637	2 766
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	740	1 063	1 311	1 707	1 320	1 320	1 320	1 908	1 664	1 756
Free services										
Cost of Free Basic Services provided	4 100	5 027	5 404	6 632	6 632	6 632	6 632	6 989	7 367	12 109
Revenue cost of free services provided	5 007	5 990	6 443	12 050	12 050	12 050	12 050	12 678	13 341	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipalities budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial

Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

- a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
- b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC067 Khai-Ma - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue - Standard										
Municipal governance and administration		15 253	15 831	17 935	19 459	18 963	18 963	24 100	25 487	26 644
Executive and council		260	185	218	439	250	250	-	-	-
Mayor and Council		260	185	218	439	250	250	-	-	-
Municipal Manager		-	-	-	-	-	-	-	-	-
Budget and treasury office		14 426	4 725	17 123	18 382	18 148	18 148	19 977	21 147	22 044
Corporate services		566	10 921	594	638	565	565	4 124	4 339	4 600
Human Resources		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Property Services		120	-	139	430	289	289	3 881	4 113	4 360
Other Admin		446	10 921	455	208	276	276	243	226	240
Community and public safety		8 524	7 934	9 706	16 194	22 108	16 373	10 996	623	654
Community and social services		730	1 354	4 091	3 409	7 439	7 439	5 260	621	652
Libraries and Archives		310	-	389	625	554	554	747	609	640
Museums & Art Galleries etc		-	-	-	-	-	-	-	-	-
Community halls and Facilities		395	1 354	2 390	2 778	3 035	3 035	1 302	-	-
Cemeteries & Crematoriums		-	-	3	7	10	10	11	11	12
Child Care		-	-	-	-	-	-	-	-	-
Aged Care		-	-	-	-	-	-	-	-	-
Other Community		26	-	1 308	-	3 840	3 840	3 200	-	-
Other Social		-	-	-	-	-	-	-	-	-
Sport and recreation		48	4	4	5	5	5	2	2	2
Public safety		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Civil Defence		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Housing		7 745	6 576	5 611	12 780	14 664	8 930	5 734	-	-
Health		-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Ambulance		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Economic and environmental services		846	72	189	11 302	11 986	11 986	10 078	7 928	8 071
Planning and development		16	39	-	559	100	100	150	-	-
Economic Development/Planning		16	39	-	559	100	100	150	-	-
Town Planning/Building		-	-	-	-	-	-	-	-	-
Licensing & Regulation		-	-	-	-	-	-	-	-	-
Road transport		830	33	189	10 743	11 886	11 886	9 928	7 928	8 071
Roads		679	33	29	10 542	11 685	11 685	9 727	7 715	7 846
Public Buses		-	-	-	-	-	-	-	-	-
Parking Garages		-	-	-	-	-	-	-	-	-
Vehicle Licensing and Testing		150	-	161	201	201	201	201	213	225
Other		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Pollution Control		-	-	-	-	-	-	-	-	-
Biodiversity & Landscape		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Trading services		14 794	13 284	13 284	17 189	25 370	25 370	23 272	17 520	18 673
Electricity		3 404	3 964	5 240	8 166	11 148	11 148	9 812	7 315	7 855
Electricity Distribution		3 404	3 964	5 240	8 166	11 148	11 148	9 812	7 315	7 855
Electricity Generation		-	-	-	-	-	-	-	-	-
Water		10 173	7 308	6 033	6 971	8 524	8 524	7 934	7 477	7 926
Water Distribution		10 173	7 308	6 033	6 971	8 524	8 524	7 934	7 477	7 926
Water Storage		-	-	-	-	-	-	-	-	-
Waste water management		725	756	1 002	1 212	4 905	4 905	4 662	1 814	1 922
Sewerage		725	756	1 002	1 212	4 905	4 905	4 662	1 814	1 922
Storm Water Management		-	-	-	-	-	-	-	-	-
Public Toilets		-	-	-	-	-	-	-	-	-
Waste management		493	1 255	1 010	841	793	793	863	915	970
Solid Waste		493	1 255	1 010	841	793	793	863	915	970
Other		1	-	-	-	-	-	-	-	-
Air Transport		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Tourism		1	-	-	-	-	-	-	-	-
Forestry		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	39 417	37 121	41 114	64 143	78 426	72 692	68 446	51 558	54 042

Expenditure - Standard											
Municipal governance and administration		9 642	11 192	11 541	14 336	13 394	13 394	15 531	16 237	17 274	
Executive and council		2 534	3 288	3 351	4 667	3 905	3 905	4 710	4 965	5 275	
Mayor and Council		2 215	3 288	2 935	3 489	3 185	3 185	3 045	3 195	3 392	
Municipal Manager		319	–	416	1 178	720	720	1 665	1 771	1 883	
Budget and treasury office		4 316	7 587	4 329	4 906	4 664	4 664	5 486	5 762	6 144	
Corporate services		2 792	317	3 860	4 763	4 824	4 824	5 335	5 509	5 854	
Human Resources		–	–	–	–	–	–	–	–	–	
Information Technology		–	–	–	–	–	–	–	–	–	
Property Services		46	–	138	401	228	228	152	1	2	
Other Admin		2 746	317	3 722	4 361	4 596	4 596	5 183	5 507	5 852	
Community and public safety		6 996	10 337	8 982	15 099	16 828	16 828	8 600	2 632	2 781	
Community and social services		932	2 702	3 016	1 742	1 620	1 620	2 210	1 967	2 079	
Libraries and Archives		461	2 702	983	945	855	855	1 290	1 053	1 117	
Museums & Art Galleries etc		–	–	–	–	–	–	–	–	–	
Community halls and Facilities		317	–	459	500	515	515	586	616	649	
Cemeteries & Crematoriums		117	–	32	245	198	198	275	291	308	
Child Care		–	–	–	–	–	–	–	–	–	
Aged Care		–	–	–	–	–	–	–	–	–	
Other Community		37	–	1 542	53	53	53	59	8	5	
Other Social		–	–	–	–	–	–	–	–	–	
Sport and recreation		299	292	299	487	424	424	516	516	545	
Public safety		7	33	56	–	–	–	–	–	–	
Police		–	–	–	–	–	–	–	–	–	
Fire		–	–	–	–	–	–	–	–	–	
Civil Defence		–	–	–	–	–	–	–	–	–	
Street Lighting		–	–	–	–	–	–	–	–	–	
Other		7	33	56	–	–	–	–	–	–	
Housing		5 758	7 310	5 611	12 780	14 664	14 664	5 734	–	–	
Health		–	–	–	91	121	121	141	148	156	
Clinics		–	–	–	–	–	–	–	–	–	
Ambulance		–	–	–	–	–	–	–	–	–	
Other		–	–	–	91	121	121	141	148	156	
Economic and environmental services		779	1 046	1 055	2 162	2 219	2 219	2 613	2 754	2 919	
Planning and development		75	294	209	1 035	1 172	1 172	1 167	1 239	1 315	
Economic Development/Planning		75	294	209	1 035	1 172	1 172	1 167	1 239	1 315	
Town Planning/Building		–	–	–	–	–	–	–	–	–	
Licensing & Regulation		–	–	–	–	–	–	–	–	–	
Road transport		704	751	846	1 127	1 047	1 047	1 446	1 515	1 604	
Roads		657	751	815	1 056	1 020	1 020	1 386	1 452	1 537	
Public Buses		–	–	–	–	–	–	–	–	–	
Parking Garages		–	–	–	–	–	–	–	–	–	
Vehicle Licensing and Testing		48	–	31	71	27	27	60	63	66	
Other		–	–	–	–	–	–	–	–	–	
Environmental protection		–	–	–	–	–	–	–	–	–	
Pollution Control		–	–	–	–	–	–	–	–	–	
Biodiversity & Landscape		–	–	–	–	–	–	–	–	–	
Other		–	–	–	–	–	–	–	–	–	
Trading services		12 113	16 761	18 807	18 418	18 280	18 280	21 971	22 472	23 942	
Electricity		3 554	4 450	5 003	5 353	5 468	5 468	6 261	6 222	6 693	
Electricity Distribution		3 554	4 450	5 003	5 353	5 468	5 468	6 261	6 222	6 693	
Electricity Generation		–	–	–	–	–	–	–	–	–	
Water		4 641	7 200	8 715	6 730	6 746	6 746	7 723	8 353	8 889	
Water Distribution		4 641	7 200	8 715	6 730	6 746	6 746	7 723	8 353	8 889	
Water Storage		–	–	–	–	–	–	–	–	–	
Waste water management		1 970	1 970	2 070	3 151	2 976	2 976	4 028	3 927	4 159	
Sewerage		1 970	1 970	2 070	3 151	2 976	2 976	4 028	3 927	4 159	
Storm Water Management		–	–	–	–	–	–	–	–	–	
Public Toilets		–	–	–	–	–	–	–	–	–	
Waste management		1 949	3 140	3 019	3 183	3 090	3 090	3 958	3 970	4 201	
Solid Waste		1 949	3 140	3 019	3 183	3 090	3 090	3 958	3 970	4 201	
Other		134	–	185	275	215	215	271	287	305	
Air Transport		–	–	–	–	–	–	–	–	–	
Abattoirs		–	–	–	–	–	–	–	–	–	
Tourism		134	–	185	275	215	215	271	287	305	
Forestry		–	–	–	–	–	–	–	–	–	
Markets		–	–	–	–	–	–	–	–	–	
Total Expenditure - Standard		3	29 665	39 336	40 569	50 289	50 936	50 936	48 985	44 381	47 220
Surplus/(Deficit) for the year			9 752	(2 215)	546	13 854	27 490	21 756	19 461	7 176	6 822

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.

4. Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC067 Khai-Ma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote										
Vote1 - Municipal Manager	1	260	261	218	439	250	250	-	-	-
1.1 - Council and General		260	261	218	439	250	250	-	-	-
1.2 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote2 - Finance		14 697	14 909	17 423	19 013	18 638	18 638	24 058	25 473	26 629
2.1 - Assessment Rates		1 862	2 135	2 559	3 146	2 963	2 963	3 419	3 625	3 842
2.2 - Chief Financial Officer		2 443	1 437	1 894	1 853	1 802	1 802	2 736	2 656	2 843
2.3 - Internal Auditor		161	171	181	250	250	250	-	-	-
2.4 - Other Subsidies		9 960	10 921	12 489	13 134	13 134	13 134	13 821	14 867	15 359
2.5 - Property Services		120	95	139	430	289	289	3 881	4 113	4 360
2.6 - Vehicle Licencing and Testing		150	150	161	201	201	201	201	213	225
Vote3 - Corporate Services		1 176	4 264	4 546	3 617	7 714	7 714	5 503	847	891
3.1 - Cemetery		-	4	3	7	10	10	11	11	12
3.2 - Corporate Services		446	352	455	208	276	276	243	226	240
3.3 - Disaster Management		-	-	-	-	-	-	-	-	-
3.4 - Health		-	-	-	-	-	-	-	-	-
3.5 - Library		310	416	389	625	554	554	747	609	640
3.6 - Municipal and Public Buildings		395	3 404	2 390	2 778	3 035	3 035	1 302	-	-
3.7 - Public Works		26	88	1 308	-	3 840	3 840	3 200	-	-
Vote4 - Infrastructure Development		15 521	17 672	13 317	27 736	37 061	37 061	33 001	25 238	26 521
4.1 - Electricity		3 404	4 014	5 240	8 166	11 148	11 148	9 812	7 315	7 855
4.2 - Parks and Recreation		48	5	4	5	5	5	2	2	2
4.3 - Refuse		493	1 523	1 010	841	793	793	863	915	970
4.4 - Roads		679	976	29	10 542	11 685	11 685	9 727	7 715	7 846
4.5 - Sewerage		725	686	1 002	1 212	4 905	4 905	4 662	1 814	1 922
4.6 - Television		-	-	-	-	-	-	-	-	-
4.7 - Water		10 173	10 467	6 033	6 971	8 524	8 524	7 934	7 477	7 926
Vote5 - Economic Development		7 762	15	5 611	13 339	14 764	9 030	5 884	-	-
5.1 - Housing		7 745	-	5 611	12 780	14 664	8 930	5 734	-	-
5.2 - IDP/LED		16	15	-	559	100	100	150	-	-
5.3 - Tourism		1	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	39 417	37 121	41 114	64 143	78 426	72 692	68 446	51 558	54 042
Expenditure by Vote										
Vote1 - Municipal Manager	1	2 534	3 411	3 351	4 667	3 905	3 905	4 710	4 965	5 275
1.1 - Council and General		2 215	2 551	2 935	3 489	3 185	3 185	3 045	3 195	3 392
1.2 - Municipal Manager		319	860	416	1 178	720	720	1 665	1 771	1 883
Vote2 - Finance		4 672	3 378	4 498	5 379	4 919	4 919	5 697	5 827	6 212
2.1 - Assessment Rates		498	300	201	350	200	200	200	386	405
2.2 - Chief Financial Officer		3 292	2 401	3 679	3 906	3 815	3 815	4 886	4 944	5 273
2.3 - Internal Auditor		153	160	172	250	250	250	-	-	-
2.4 - Other Subsidies		635	380	277	400	400	400	400	432	467
2.5 - Property Services		46	81	138	401	228	228	152	1	2
2.6 - Vehicle Licencing and Testing		48	56	31	71	27	27	60	63	66
Vote3 - Corporate Services		3 649	3 782	6 747	6 141	6 284	6 284	7 474	7 561	8 023
3.1 - Cemetery		117	135	32	245	198	198	275	291	308
3.2 - Corporate Services		2 746	2 508	3 722	4 361	4 596	4 596	5 183	5 507	5 852
3.3 - Disaster Management		7	73	56	91	121	121	141	148	156
3.4 - Health		-	-	-	-	-	-	-	-	-
3.5 - Library		461	626	983	945	855	855	1 290	1 053	1 117
3.6 - Municipal and Public Buildings		317	441	459	500	515	515	586	616	649
3.7 - Public Works		(0)	-	1 495	-	-	-	-	(54)	(60)
Vote4 - Infrastructure Development		12 843	16 826	19 968	20 013	19 777	19 777	23 932	24 502	26 089
4.1 - Electricity		3 554	4 249	5 003	5 353	5 468	5 468	6 261	6 222	6 693
4.2 - Parks and Recreation		299	346	299	487	424	424	516	516	545
4.3 - Refuse		1 687	3 359	3 019	3 183	3 090	3 090	3 958	3 970	4 201
4.4 - Roads		657	1 294	815	1 056	1 020	1 020	1 386	1 452	1 537
4.5 - Sewerage		1 970	2 370	2 070	3 151	2 976	2 976	4 028	3 927	4 159
4.6 - Television		37	42	48	53	53	53	59	62	65
4.7 - Water		4 641	5 166	8 715	6 730	6 746	6 746	7 723	8 353	8 889
Vote5 - Economic Development		5 967	11 939	6 005	14 089	16 050	16 050	7 172	1 526	1 620
5.1 - Housing		5 758	11 593	5 611	12 780	14 664	14 664	5 734	-	-
5.2 - IDP/LED		75	161	209	1 035	1 172	1 172	1 167	1 239	1 315
5.3 - Tourism		134	186	185	275	215	215	271	287	305
Total Expenditure by Vote	2	29 665	39 336	40 569	50 289	50 936	50 936	48 985	44 381	47 220
Surplus/(Deficit) for the year	2	9 752	(2 215)	546	13 854	27 490	21 756	19 461	7 176	6 822

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 11 Surplus/(Deficit) calculations for the trading services

NC067 Khai-Ma - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A										
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Electricity										
Electricity-Revenue		3 404	4 014	5 240	8 166	11 148	11 148	9 812	7 315	7 855
Electricity-Expenditure		3 554	4 249	5 003	5 353	5 468	5 468	6 261	6 222	6 693
Surplus/(Deficit)		(149)	(235)	237	2 813	5 680	5 680	3 551	1 093	1 162
%		-4.20	-5.53	4.73	52.54	103.87	103.87	56.71	17.56	17.36
Water										
Water-Revenue		10 173	10 467	6 033	6 971	8 524	8 524	7 934	7 477	7 926
Water-Expenditure		4 641	5 166	8 715	6 730	6 746	6 746	7 723	8 353	8 889
Surplus/(Deficit)		5 532	5 301	(2 683)	241	1 778	1 778	211	(876)	(963)
%		119.20	102.62	-30.78	3.58	26.36	26.36	2.73	-10.48	-10.84

2. The electricity trading surplus is deteriorating over the 2013/14 MTREF from 103.87 per cent in 2014/15 to 56.71 per cent and by 2015/16 17.56 per cent. This is primarily as a result of the high increases in Eskom bulk purchases and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. The surplus on the water account remains relatively constant over the MTREF translating into a deficit of 26.36 per cent, 2.73 per cent and -10.48 per cent and 10.84 per cent for each of the respective financial years.

Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	1 790	2 044	2 433	2 996	2 813	2 813	2 813	3 319	3 519	3 730
Property rates - penalties & collection charges		–	–	–	150	150	150	150	100	106	112
Service charges - electricity revenue	2	3 341	3 940	4 711	6 084	5 835	5 835	5 835	6 763	7 263	7 800
Service charges - water revenue	2	1 354	4 137	5 267	6 386	6 506	6 506	6 506	6 599	6 995	7 414
Service charges - sanitation revenue	2	607	637	719	1 132	1 132	1 132	1 132	1 631	1 729	1 833
Service charges - refuse revenue	2	422	474	527	739	691	691	691	763	809	857
Service charges - other		–	–	17	20	79	79	79	48	50	53
Rental of facilities and equipment		118	129	139	433	145	145	145	1 083	1 147	1 216
Interest earned - external investments		424	351	299	200	230	230	230	200	212	225
Interest earned - outstanding debtors		617	854	929	653	653	653	653	648	687	728
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		21	17	17	30	30	30	30	30	32	34
Licences and permits		24	29	26	36	36	36	36	36	38	40
Agency services		105	110	118	135	135	135	135	135	143	152
Transfers recognised - operational		20 871	20 651	20 762	29 502	30 343	24 609	24 609	23 216	18 130	18 839
Other revenue	2	1 121	598	606	1 185	1 644	1 644	1 644	3 979	3 931	4 126
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		30 816	33 974	36 569	49 680	50 421	44 687	44 687	48 549	44 790	47 159
Expenditure By Type											
Employee related costs	2	6 245	8 492	11 219	14 907	13 772	13 772	13 772	17 461	18 578	19 768
Remuneration of councillors		1 399	1 587	1 736	1 991	1 991	1 991	1 991	1 858	1 977	2 104
Debt impairment	3	1 575	4 249	4 520	1 936	1 826	1 826	1 826	2 550	2 134	2 239
Depreciation & asset impairment	2	1 769	2 094	2 161	2 392	2 397	2 397	2 397	2 886	2 637	2 766
Finance charges		899	658	511	347	347	347	347	226	382	401
Bulk purchases	2	4 003	4 951	6 327	6 504	6 904	6 904	6 904	7 327	7 918	8 556
Other materials	8	1 015	–	1 306	1 393	1 393	1 393	1 393	1 633	1 723	1 818
Contracted services		210	242	267	5	285	285	285	5	5	6
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure by type	4, 5	12 516	16 873	12 499	20 796	21 997	21 997	21 997	15 013	9 026	9 564
Loss on disposal of PPE		34	189	23	20	25	25	25	25	–	–
Total Expenditure		29 665	39 336	40 569	50 289	50 936	50 936	50 936	48 985	44 381	47 220
Surplus/(Deficit)		1 151	(5 362)	(3 999)	(610)	(515)	(6 250)	(6 250)	(436)	409	(61)
Transfers recognised - capital		8 601	3 147	4 545	14 463	28 006	28 006	28 006	19 897	6 767	6 882
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R45 million in 2013/14 and increase to R48 million due to services income by 2014/15 and decrease to R44 due government allocations in 2015/2016 and increase to R47 million in 2016/2017.
2. Revenue to be generated from property rates is R3,3 million in the 2014/15 financial year and increases to R3.5 million by 2015/16 and by 2016/2017 R3.7 million. It remains

relatively constant over the medium-term and tariff increases have been factored in at 10 per cent, 6 per cent and 6 per cent for each of the respective financial years of the MTREF.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the municipality. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are decreasing rapidly over the MTREF. The municipality is grant dependent and is it important to increase the equitable share every year.

Figure 2 Expenditure by major type

5. Bulk purchases have significantly increased over the 2010/11 to 2016/17 period. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from Pella Water Board.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

NC067 Khai-Ma - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
<i>Multi-year expenditure to be appropriated</i>	2										
Vote1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote4 - Infrastructure Development		7 993	-	4 450	11 420	17 521	17 521	17 521	11 890	6 767	6 882
Vote5 - Economic Development		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	7 993	-	4 450	11 420	17 521	17 521	17 521	11 890	6 767	6 882
<i>Single-year expenditure to be appropriated</i>	2										
Vote1 - Municipal Manager		341	171	180	165	290	290	290	60	-	-
Vote2 - Finance		422	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		295	821	2 655	4 219	8 188	8 188	8 188	4 397	-	-
Vote4 - Infrastructure Development		-	2 348	1 780	-	3 400	3 400	3 400	3 640	-	-
Vote5 - Economic Development		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		1 058	3 339	4 614	4 384	11 878	11 878	11 878	8 097	-	-
Total Capital Expenditure - Vote		9 051	3 339	9 064	15 803	29 399	29 399	29 399	19 987	6 767	6 882
Capital Expenditure - Standard											
<i>Governance and administration</i>		456	171	180	165	690	690	690	60	-	-
Executive and council		353	171	180	165	690	690	690	60	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-
Corporate services		103	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		574	821	2 655	4 219	8 188	8 188	8 188	4 397	-	-
Community and social services		530	821	2 655	4 219	8 188	8 188	8 188	4 397	-	-
Sport and recreation		44	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		656	389	3 450	9 367	10 435	10 435	10 435	8 699	6 767	6 882
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		656	389	3 450	9 367	10 435	10 435	10 435	8 699	6 767	6 882
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		7 365	1 958	2 780	2 053	10 086	10 086	10 086	6 832	-	-
Electricity		40	-	1 000	2 053	4 829	4 829	4 829	3 000	-	-
Water		7 284	1 443	-	-	1 563	1 563	1 563	880	-	-
Waste water management		40	28	1 780	-	3 694	3 694	3 694	2 951	-	-
Waste management		-	487	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	9 051	3 339	9 064	15 803	29 399	29 399	29 399	19 987	6 767	6 882
Funded by:											
National Government		7 394	2 316	7 535	13 322	20 912	20 912	20 912	15 154	6 767	6 882
Provincial Government		385	27	-	1 141	7 094	7 094	7 094	4 543	-	-
District Municipality		808	804	360	-	-	-	-	-	-	-
Other transfers and grants		15	-	1 129	-	-	-	-	200	-	-
Transfers recognised - capital	4	8 601	3 147	9 024	14 464	28 006	28 006	28 006	19 897	6 767	6 882
Public contributions & donations	5	218	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	1 300	1 300	1 300	1 300	-	-	-
Internally generated funds		231	192	40	40	93	93	93	90	-	-
Total Capital Funding	7	9 051	3 339	9 064	15 803	29 399	29 399	29 399	19 987	6 767	6 882

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 23 MBRR Table A6 - Budgeted Financial Position

NC067 Khai-Ma - Table A6 Budgeted Financial Position											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		287	57	6 093	12 121	2 687	2 687	11 964	2 100	1 857	2 521
Call investment deposits	1	5 021	9 296	200	3 000	200	200	200	200	200	200
Consumer debtors	1	1 927	2 672	4 080	4 233	5 059	5 059	5 059	7 679	11 918	15 041
Other debtors		2 012	1 447	113	1 500	607	607	607	557	507	457
Current portion of long-term receivables		—	—	—	—	—	—	—	—	—	—
Inv entry	2	3 155	2 627	1 100	2 627	1 833	1 833	1 833	1 942	2 048	2 161
Total current assets		12 403	16 099	11 586	23 481	10 387	10 387	19 664	12 478	16 531	20 380
Non current assets											
Long-term receivables		—	—	—	—	—	—	—	—	—	—
Inv estments		—	—	—	—	—	—	—	—	—	—
Inv estment property		—	75	—	75	71	71	71	69	67	65
Inv estment in Associate		—	—	—	—	—	—	—	—	—	—
Property , plant and equipment	3	62 945	64 073	78 040	81 765	93 379	93 379	93 379	110 533	114 715	118 884
Agricultural		—	—	—	—	—	—	—	—	—	—
Biological		—	—	—	—	—	—	—	—	—	—
Intangible		387	342	387	342	206	206	206	156	106	56
Other non-current assets		—	—	—	—	—	—	—	—	—	—
Total non current assets		63 332	64 490	78 427	82 182	93 657	93 657	93 657	110 758	114 889	119 005
TOTAL ASSETS		75 734	80 589	90 013	105 662	104 044	104 044	113 321	123 236	131 420	139 386
LIABILITIES											
Current liabilities											
Bank overdraft	1	—	—	—	—	—	—	—	—	—	—
Borrowing	4	260	19	—	—	—	—	—	—	—	—
Consumer deposits		51	66	70	76	73	73	73	77	82	87
Trade and other payables	4	12 025	17 365	9 260	7 522	7 338	7 338	16 615	12 254	12 928	13 639
Provisions		627	1 045	91	1 045	1 114	1 114	1 114	1 189	1 265	1 346
Total current liabilities		12 962	18 495	9 421	8 643	8 525	8 525	17 802	13 521	14 275	15 072
Non current liabilities											
Borrowing		74	55	—	1 300	1 300	1 300	1 300	1 066	828	594
Provisions		6 138	7 527	6 897	8 125	8 196	8 196	8 196	8 900	9 390	9 971
Total non current liabilities		6 212	7 582	6 897	9 425	9 496	9 496	9 496	9 966	10 218	10 565
TOTAL LIABILITIES		19 175	26 077	16 319	18 068	18 021	18 021	27 298	23 486	24 493	25 637
NET ASSETS	5	56 560	54 511	73 694	87 594	86 023	86 023	86 023	99 750	106 927	113 748
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		52 476	50 563	69 928	83 917	82 344	82 344	82 344	96 205	103 516	110 473
Reserve s	4	4 083	3 949	3 767	3 677	3 679	3 679	3 679	3 545	3 410	3 275
Minorities' interests		—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	5	56 560	54 511	73 694	87 594	86 023	86 023	86 023	99 750	106 927	113 748

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 MBRR Table A7 - Budgeted Cash Flow Statement

NC067 Khai-Ma - Table A7 Budgeted Cash Flows											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other	1	6 875	11 020	13 780	20 374	15 820	15 820	15 820	20 012	20 126	22 783
Government - operating	1	22 911	21 314	30 775	29 502	30 343	30 343	30 343	17 482	18 130	18 839
Government - capital	1	6 301	8 840	10 093	11 615	25 157	25 157	25 157	16 354	6 767	6 882
Interest		1 041	1 206	912	200	230	230	230	200	212	225
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(27 473)	(34 566)	(41 543)	(38 019)	(46 624)	(46 624)	(46 624)	(34 193)	(38 095)	(40 553)
Finance charges		(448)	(501)	(221)	(347)	(347)	(347)	(347)	(226)	(382)	(401)
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		9 207	7 313	13 796	23 325	24 579	24 579	24 579	19 630	6 758	7 776
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(9 778)	(2 866)	(9 064)	(15 803)	(29 399)	(29 399)	(29 399)	(19 987)	(6 767)	(6 882)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9 778)	(2 866)	(9 064)	(15 803)	(29 399)	(29 399)	(29 399)	(19 987)	(6 767)	(6 882)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	1 300	1 300	1 300	1 300	-	-	-
Increase (decrease) in consumer deposits		(3)	15	6	6	3	3	3	4	5	5
Payments											
Repayment of borrowing		(481)	(417)	-	-	-	-	-	(234)	(238)	(234)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(485)	(402)	6	1 306	1 303	1 303	1 303	(230)	(233)	(230)
NET INCREASE/ (DECREASE) IN CASH HELD											
		(1 055)	4 045	4 738	8 828	(3 517)	(3 517)	(3 517)	(587)	(243)	664
Cash/cash equivalents at the year begin:	2	(129)	(1 184)	2 860	6 293	6 404	6 404	6 404	2 887	2 300	2 057
Cash/cash equivalents at the year end:	2	(1 184)	2 860	7 598	15 121	2 887	2 887	2 887	2 300	2 057	2 721

¹Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC067 Khai-Ma - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	(1 184)	2 860	7 598	15 121	2 887	2 887	2 887	2 300	2 057	2 721
Other current investments > 90 days		6 493	6 493	(1 305)	(0)	(0)	(0)	9 277	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		5 309	9 353	6 293	15 121	2 887	2 887	12 164	2 300	2 057	2 721
<u>Application of cash and investments</u>											
Unspent conditional transfers		6 118	10 527	2 849	-	-	-	9 277	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	214	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	3 063	3 339	2 598	1 676	2 821	2 821	2 821	5 695	3 473	1 071
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	14	15	14	14	16	16	16	17	17	18
Total Application of cash and investments:		9 409	13 881	5 461	1 690	2 837	2 837	12 115	5 712	3 490	1 089
Surplus(shortfall)		(4 100)	(4 528)	832	13 431	50	50	50	(3 412)	(1 433)	1 632

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 26 MBRR Table A9 - Asset Management

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	9 051	3 339	9 064	15 803	29 399	29 399	19 987	6 767	6 882
Infrastructure - Road transport		656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882
Infrastructure - Electricity		40	41	1 000	2 053	4 829	4 829	3 000	-	-
Infrastructure - Water		7 256	1 552	-	-	1 563	1 563	880	-	-
Infrastructure - Sanitation		40	70	1 600	-	3 694	3 694	2 951	-	-
Infrastructure - Other		-	176	-	-	-	-	-	-	-
Infrastructure		7 993	2 270	6 050	11 420	20 521	20 521	15 530	6 767	6 882
Community		295	502	1 455	2 849	2 778	2 778	1 167	-	-
Heritage assets		-	2	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	764	566	1 560	1 535	6 100	6 100	3 290	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882
Infrastructure - Electricity		40	41	1 000	2 053	4 829	4 829	3 000	-	-
Infrastructure - Water		7 256	1 552	-	-	1 563	1 563	880	-	-
Infrastructure - Sanitation		40	70	1 600	-	3 694	3 694	2 951	-	-
Infrastructure - Other		-	176	-	-	-	-	-	-	-
Infrastructure		7 993	2 270	6 050	11 420	20 521	20 521	15 530	6 767	6 882
Community		295	502	1 455	2 849	2 778	2 778	1 167	-	-
Heritage assets		-	2	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		764	566	1 560	1 535	6 100	6 100	3 290	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	9 051	3 339	9 064	15 803	29 399	29 399	19 987	6 767	6 882
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	2 099	2 368	5 813	12 590	12 570	12 570	21 116	27 737	34 467
Infrastructure - Electricity		2 750	2 664	3 570	5 556	7 770	7 770	10 597	10 509	10 417
Infrastructure - Water		14 114	15 205	19 069	13 778	15 695	15 695	16 104	15 658	15 189
Infrastructure - Sanitation		2 823	2 777	4 157	4 227	6 354	6 354	9 211	9 131	9 046
Infrastructure - Other		1 752	1 742	1 070	1 142	1 322	1 322	808	257	(321)
Infrastructure		23 538	24 755	33 679	37 293	43 712	43 712	57 836	63 292	68 796
Community		8 596	8 913	12 641	12 903	13 435	13 435	14 407	14 235	14 054
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	75	-	75	71	71	69	67	65
Other assets		30 811	30 405	31 720	31 569	36 233	36 233	38 289	37 189	36 032
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		387	342	387	342	206	206	156	106	56
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	63 332	64 490	78 427	82 182	93 657	93 657	110 758	114 889	119 005
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>	3	1 769	2 094	2 161	2 392	2 397	2 397	2 886	2 637	2 766
<u>Repairs and Maintenance by Asset Class</u>		740	1 063	1 311	1 707	1 320	1 320	1 908	1 664	1 756
Infrastructure - Road transport		-	9	8	15	15	15	30	32	33
Infrastructure - Electricity		509	99	203	550	360	360	530	211	223
Infrastructure - Water		103	374	369	400	350	350	530	559	590
Infrastructure - Sanitation		-	16	-	20	20	20	30	32	33
Infrastructure - Other		32	54	13	-	-	-	-	-	-
Infrastructure		644	552	592	985	745	745	1 120	833	879
Community		30	9	159	35	35	35	40	42	45
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	66	502	560	687	540	540	748	789	832
TOTAL EXPENDITURE OTHER ITEMS		2 508	3 157	3 473	4 098	3 716	3 716	4 793	4 301	4 522

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

NC067 Khai-Ma - Table A10 Basic service delivery measurement										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Household service targets	1									
Water:										
Piped water inside dwelling		55	125	56	59	59	59	81	84	70
Piped water inside yard (but not in dwelling)		60	50	75	79	79	79	105	130	120
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		115	175	131	138	138	138	186	214	190
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	115	175	131	138	138	138	186	214	190
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		55	125	56	59	59	59	81	84	70
Flush toilet (with septic tank)		60	50	65	79	79	79	105	130	120
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		35	30	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		150	205	121	138	138	138	186	214	190
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	150	205	121	138	138	138	186	214	190
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		51	50	110	158	158	158	212	231	120
<i>Minimum Service Level and Above sub-total</i>		51	50	110	158	158	158	212	231	120
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	51	50	110	158	158	158	212	231	120
Refuse:										
Removed at least once a week		1 865	2 026	2 035	2 136	2 136	2 136	2 163	2 194	2 300
<i>Minimum Service Level and Above sub-total</i>		1 865	2 026	2 035	2 136	2 136	2 136	2 163	2 194	2 300
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	1 865	2 026	2 035	2 136	2 136	2 136	2 163	2 194	2 300
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		1 563	1 698	1 700	1 700	1 700	1 700	1 785	1 874	850 000
Sanitation (free minimum level service)		1 563	1 698	1 700	1 700	1 700	1 700	1 785	1 874	1 700
Electricity/other energy (50kwh per household per month)		1 485	1 620	1 700	1 700	1 700	1 700	1 785	1 874	1 700
Refuse (removed at least once a week)		1 563	1 698	1 700	1 700	1 700	1 700	1 785	1 874	1 700
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		1 617	2 174	2 309	2 786	2 786	2 786	2 936	3 095	4 372
Sanitation (free sanitation service)		1 114	1 230	1 328	1 734	1 734	1 734	1 827	1 926	3 876
Electricity/other energy (50kwh per household per month)		300	400	400	480	480	480	506	533	597
Refuse (removed once a week)		1 069	1 223	1 367	1 632	1 632	1 632	1 720	1 813	3 264
Total cost of FBS provided (minimum social package)		4 100	5 027	5 404	6 632	6 632	6 632	6 989	7 367	12 109
Highest level of free service provided										
Property rates (R value threshold)		25 000	25 000	25 000	15 000	15 000	15 000	15 000	15 000	
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	
Sanitation (Rand per household per month)		59	63	67	85	85	85	91	97	
Electricity (kwh per household per month)		50	50	50	80	80	80	86	92	
Refuse (average litres per week)		5	5	5	5	5	5	5	5	
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		907	963	1 039	5 418	5 418	5 418	5 689	5 973	
Property rates (other exemptions, reductions and rebates)		-	-	-	-	-	-	-	-	
Water		1 617	2 174	2 309	2 786	2 786	2 786	2 936	3 095	
Sanitation		1 114	1 230	1 328	1 734	1 734	1 734	1 827	1 926	
Electricity/other energy		300	400	400	480	480	480	506	533	
Refuse		1 069	1 223	1 367	1 632	1 632	1 632	1 720	1 813	
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	
Housing - top structure subsidies		-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	
Total revenue cost of free services provided (total social package)	6	5 007	5 990	6 443	12 050	12 050	12 050	12 678	13 341	

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August) a time schedule that sets out the process to revise the IDP and prepare the budget.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipalities IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2014/15 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,54 and 67 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

- The affordability of tariff increases, especially electricity, was raised on numerous occasions. This concern was also raised by organized business as an obstacle to economic growth;
 - Pensioners cannot afford the tariff increases due to low annual pension increases; and
 - During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.
-
- The final Eskom bulk tariff increase, applicable to municipalities from 1 July 2014, was factored into the proposed consumer tariffs, applicable from 1 July 2014. This resulted in an increase of 8.06 per cent.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and

direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

Table 13 IDP Strategic Objectives

2013/14 Financial Year	2014/15 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Maintaining the infrastructure of the municipality.

3.2 Integrated Social Services for empowered and sustainable communities

- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing the municipality in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

The 2014/15 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure. Table 14 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

NC067 Khai-Ma - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)													
Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation			644	1 523	1 010	841	793	793	863	915	970	
	Develop, manage and regulate the built and natural environment			–	15	–	559	100	100	150	–	–	
Quality Living Environment	Meet service needs and address backlogs			19 514	15 379	17 914	39 670	54 767	54 767	37 870	24 321	25 549	
Safe, Healthy and Secure Environment	Promoting the safety of citizens			156	150	161	201	201	201	201	213	225	
	Promoting the health of citizens			3	4	3	7	10	10	11	11	12	
Embracing our Cultural Diversity	Promote sport and recreation within the town			10	5	4	5	5	5	2	2	2	
Good Governance	Ensure accessibility and promote governance.			5 307	4 176	3 136	4 272	4 128	4 128	5 930	4 723	5 000	
	Create an efficient, effective and accountable administration			305	440	1 763	208	276	276	3 443	226	240	
Financial Viability and Sustainability	Strategic and sustainable budgeting. Grow and diversify our revenues and Value for money expenditure			13 479	15 430	17 123	18 382	18 148	12 414	19 977	21 147	22 044	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	39 417	37 121	41 114	64 143	78 426	72 692	68 446	51 558	54 042

Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC067 Khai-Ma - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation			1 904	3 359	3 019	3 183	3 090	3 090	3 958	3 970	4 201	
	Develop, manage and regulate the built and natural environment			506	161	209	1 035	1 172	1 172	1 167	1 239	1 315	
Quality Living Environment	Meet service needs and address backlogs			16 631	24 672	22 214	29 070	30 874	30 874	25 133	19 954	21 278	
Safe, Healthy and Secure Environment	Promoting the safety of citizens			101	129	86	162	148	148	200	211	223	
	Promoting the health of citizens			159	135	32	245	198	198	275	291	308	
Embracing our Cultural Diversity	Promote sport and recreation within the town			308	346	299	487	424	424	527	528	558	
Good Governance	Ensure accessibility and promote governance.			3 389	3 884	4 700	5 624	5 012	5 012	5 343	5 153	5 465	
	Create an efficient, effective and accountable administration			2 791	3 410	5 681	5 592	5 369	5 369	6 896	7 274	7 728	
Financial Viability and Sustainability	Strategic and sustainable budgeting. Grow and diversify our revenues and Value for money expenditure			3 877	3 241	4 329	4 892	4 650	4 650	5 486	5 762	6 144	
Allocations to other priorities													
Total Expenditure				1	29 665	39 336	40 569	50 289	50 936	50 936	48 985	44 381	47 220

Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

NC067 Khai-Ma - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 2 - Economic Development										
Function 1 - Housing										
Sub-function 1 - Housing										
Provision of New Housing Units	% Completed	80.0%	80.0%		60.0%	60.0%	60.0%	30.0%	40.0%	50.0%
Vote 4 - Infrastructure Development										
Function 1 - Water										
Sub-function 1 - Water distribution										
Upgrading of water supply networks- Access to water	% of households	80.0%	80.0%		70.0%	70.0%	70.0%	35.0%	40.0%	45.0%
Function 2 - Waste Water Management										
Sub-function 2 - Sewerage										
Upgrading of sewerage networks- Access to sanitation	% of households	80.0%	80.0%		70.0%	70.0%	70.0%	35.0%	40.0%	45.0%
Function 3 - Waste Management										
Sub-function 1 - Solid Waste										
Extension/New land fill sites	% of households	80.0%	80.0%		50.0%	50.0%	50.0%	45.0%	50.0%	55.0%
Function 4 - Electricity										
Sub-function 1 - Electricity Distribution										
Provision of new electricity connections- Access to electr.	% of households	20.0%	20.0%		50.0%	50.0%	50.0%	45.0%	50.0%	60.0%
Function 5 - Parks and Recreation										
Sub-function 1 - Parks										
Upgrading of Sport Facilities	% of households	80.0%	80.0%		30.0%	30.0%	30.0%	20.0%	25.0%	30.0%
Function 6 - Roads										
Sub-function 1 - Roads										
Provision of new access roads	% of households	80.0%	80.0%		50.0%	50.0%	50.0%	40.0%	50.0%	60.0%

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and must implement a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

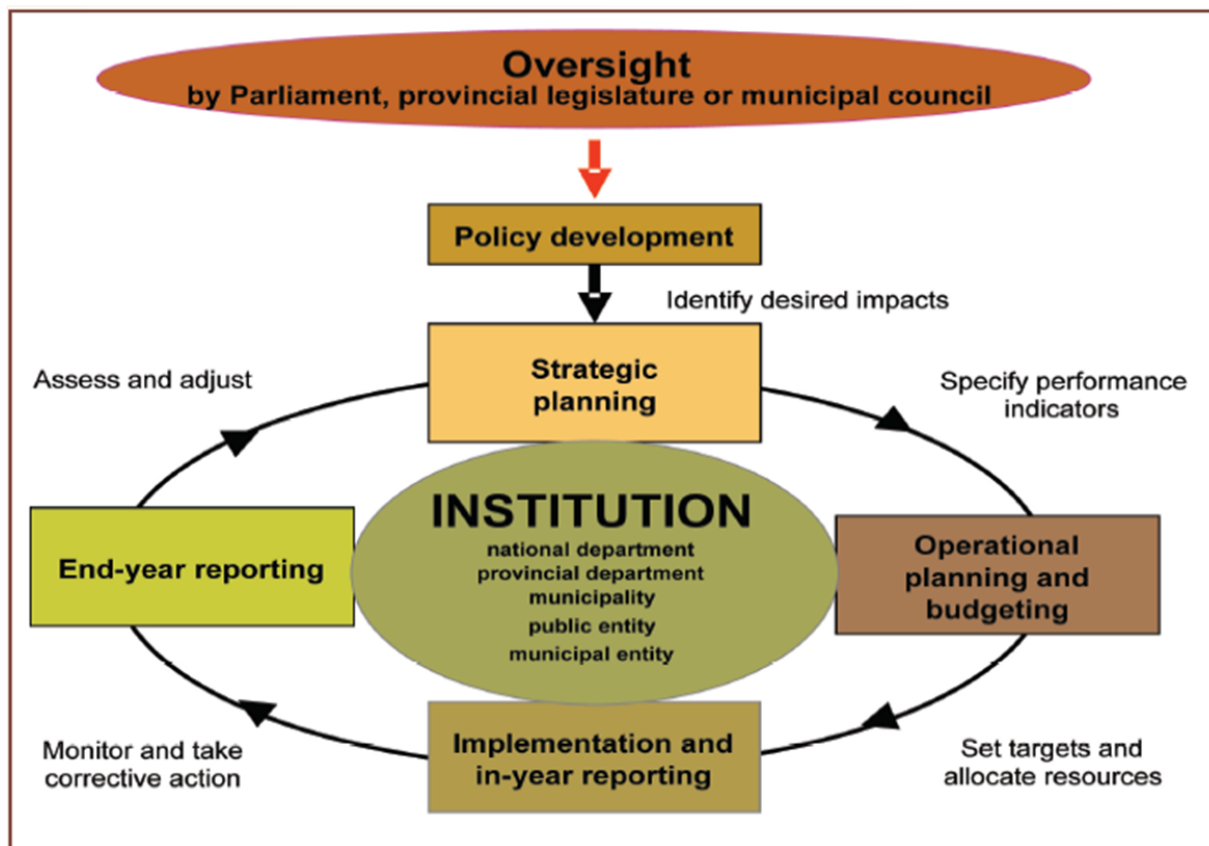


Figure 3 Planning, budgeting and reporting cycle

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

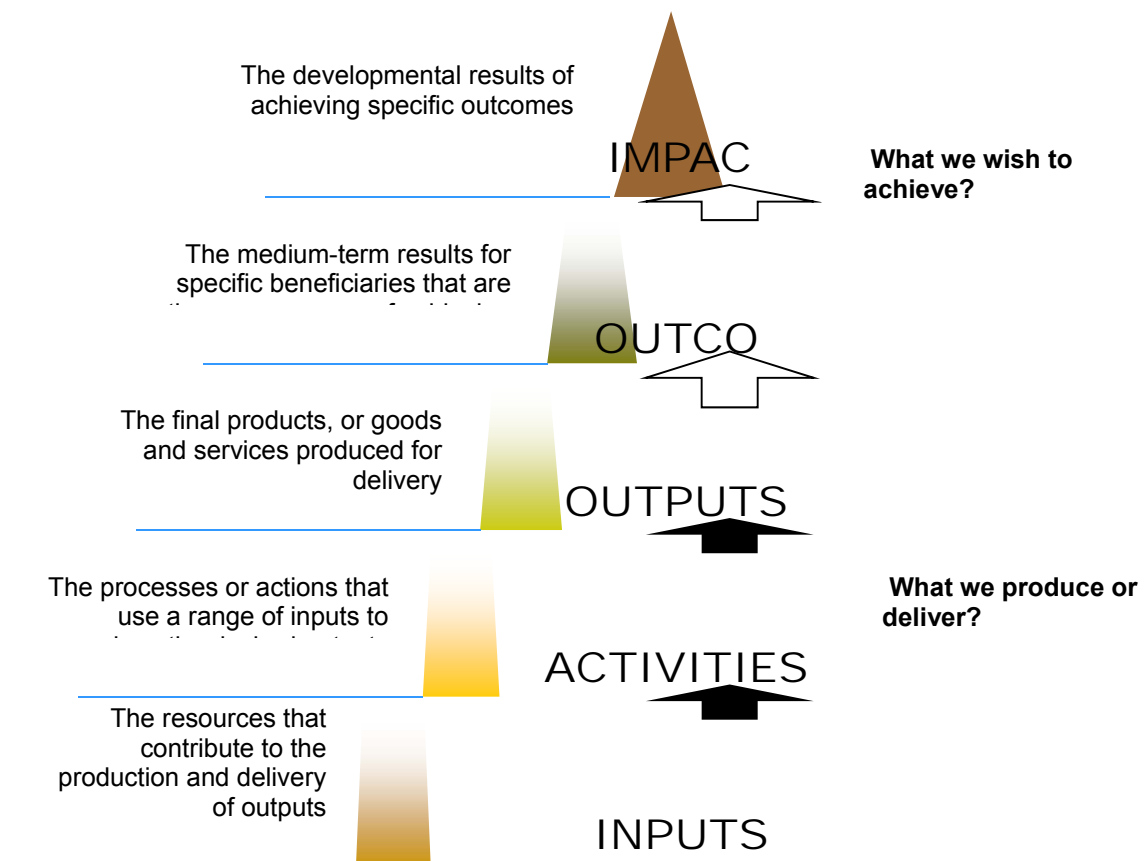


Figure 4 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 15 MBRR Table SA7 - Measurable performance objectives

NC067 Khai-Ma - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 2 - Economic Development										
Function 1 - Housing										
Sub-function 1 - Housing										
Provision of New Housing Units	% Completed	80.0%	80.0%		60.0%	60.0%	60.0%	30.0%	40.0%	50.0%
Vote 4 - Infrastructure Development										
Function 1 - Water										
Sub-function 1 - Water distribution										
Upgrading of water supply networks- Access to water	% of households	80.0%	80.0%		70.0%	70.0%	70.0%	35.0%	40.0%	45.0%
Function 2 - Waste Water Management										
Sub-function 2 - Sewerage										
Upgrading of sewerage networks- Access to sanitation	% of households	80.0%	80.0%		70.0%	70.0%	70.0%	35.0%	40.0%	45.0%
Function 3 - Waste Management										
Sub-function 1 - Solid Waste										
Extension/New land fill sites	% of households	80.0%	80.0%		50.0%	50.0%	50.0%	45.0%	50.0%	55.0%
Function 4 - Electricity										
Sub-function 1 - Electricity Distribution										
Provision of new electricity connections- Access to electr.	% of households	20.0%	20.0%		50.0%	50.0%	50.0%	45.0%	50.0%	60.0%
Function 5 - Parks and Recreation										
Sub-function 1 - Parks										
Upgrading of Sport Facilities	% of households	80.0%	80.0%		30.0%	30.0%	30.0%	20.0%	25.0%	30.0%
Function 6 - Roads										
Sub-function 1 - Roads										
Provision of new access roads	% of households	80.0%	80.0%		50.0%	50.0%	50.0%	40.0%	50.0%	60.0%

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

Table 16 MBRR Table SA8 - Performance indicators and benchmarks

NC067 Khai-Ma - Supporting Table SA8 Performance indicators and benchmarks											
Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	4.7%	2.7%	1.3%	0.7%	0.7%	0.7%	0.7%	0.9%	1.4%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	13.9%	8.1%	3.2%	1.7%	1.7%	1.7%	1.7%	1.8%	2.3%	2.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	97.0%	93.3%	93.3%	93.3%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	1.8%	1.4%	0.0%	35.4%	35.3%	35.3%	35.3%	30.1%	24.3%	18.1%
Liquidity											
Current Ratio	Current assets/current liabilities	1.0	0.9	1.2	2.7	1.2	1.2	1.1	0.9	1.2	1.4
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.0	0.9	1.2	2.7	1.2	1.2	1.1	0.9	1.2	1.4
Liquidity Ratio	Monetary Assets/Current Liabilities	0.4	0.5	0.7	1.7	0.3	0.3	0.7	0.2	0.1	0.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		72.2%	85.0%	88.9%	102.0%	79.7%	79.7%	79.7%	79.6%	76.1%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		72.2%	85.0%	88.9%	102.0%	79.7%	79.7%	79.7%	79.6%	76.1%	81.1%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	12.8%	12.1%	11.5%	11.5%	11.2%	12.7%	12.7%	17.0%	27.7%	32.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Creditors to Cash and Investments		-498.7%	239.1%	83.2%	49.7%	254.2%	254.2%	254.2%	532.8%	628.4%	501.2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
		573	604								
	Total Cost of Losses (Rand '000)	604	573	0	400	400	400	400	420	480	520
	% Volume (units purchased and generated less units sold)/units purchased and generated	13.0%	12.0%	7.5%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
		119	119								
	Total Cost of Losses (Rand '000)	618	618	1 862	1 800	1 800	1 800	1 800	2 000	2 250	2 300
	% Volume (units purchased and generated less units sold)/units purchased and generated	13%	15%	26%	15%	15%	15%	15%	10%	10%	10%
Employee costs	Employee costs/(Total Revenue - capital revenue)	20.3%	25.0%	30.7%	30.0%	27.3%	30.8%	30.8%	36.0%	41.5%	41.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.2%	30.5%	35.2%	33.8%	31.3%	35.3%		39.8%	45.9%	46.4%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	2.4%	3.1%	3.6%	3.4%	2.6%	3.0%		3.9%	3.7%	3.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.7%	8.1%	7.3%	5.5%	5.4%	6.1%	6.1%	6.4%	6.7%	6.7%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	6.1	14.6	79.0	87.7	87.7	87.7	46.2	56.3	58.1	61.7
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	51.6%	36.2%	30.4%	32.0%	32.7%	32.7%	32.7%	40.6%	57.5%	67.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(0.7)	1.3	3.0	5.2	1.0	1.0	1.0	0.8	0.7	0.9

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, borrowing strategy is primarily informed by the affordability of debt repayments.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the municipality has set a limit of 1, hence at no point in time should this ratio be less than 1.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1.
- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 120 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.3 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation.
- The electricity distribution losses have been managed downwards from 12 per cent in the 2011/12 to 7.46 in 2012/2013 financial year to 8 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.
- The water distribution losses have been increase from 15 per cent in 2011/12 to 26 per cent in 2012/13.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the municipality strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2014/15 financial year 1700 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, one free drain pumping and free waste removal equivalent to 85% once a week, as well as a discount on their property rates.

2.3.3 Providing clean water and managing waste water

The municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 71 per cent of the municipalities bulk water needs are provided directly by Pella Water Board in the form of purified water. The remaining 29 per cent is generated from the Orange river.

The following is briefly the main challenges facing the municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;

2.4 Overview of budget related-policies

The municipality budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in 2001 and must be reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed. The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 60 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipalities cash levels.

2.4.2 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

2.4.3 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

2.4.4 Budget Policies

The Budget Policies aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipalities system of delegations.

2.4.5 Cash Management and Investment Policy

The aim of the policy is to ensure that the municipality surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

2.4.6 Tariff Policies

The municipalities tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

2.4.7 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2013/14 MTREF with the emphasis on affordability and long-term sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available at the municipality, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipalities finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

2.5.3 Credit rating outlook

Table 17 Credit rating outlook

Security class	Currency	Rating	Annual rating 2012/13	Previous Rating
Short term	Rand	Prime -1		Prime -1
Long-term	Rand	Aa3		Aa3
Outlook	Rand	Negative		Negative

The rating definitions are:

- Short term : Prime – 1
Short-Term Debt Ratings (maturities of less than one year)
Prime-1 (highest quality)
- Long-term : Aa3
Defined as high-grade. “Aa” rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

2.5.5 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2014. Year three is an across the board increase of 6.80 and 6.4 per cent.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 80 per cent is achieved on operating expenditure and 85 per cent on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 35 Breakdown of the operating revenue over the medium-term

NC067 Khai-Ma - Table A1 Budget Summary										
Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Financial Performance										
Property rates	1 790	2 044	2 433	3 146	2 963	2 963	2 963	3 419	3 625	3 842
Service charges	5 724	9 189	11 241	14 360	14 243	14 243	14 243	15 804	16 846	17 957
Investment revenue	424	351	299	200	230	230	230	200	212	225
Transfers recognised - operational	20 871	20 651	20 762	29 502	30 343	24 609	24 609	23 216	18 130	18 839
Other own revenue	2 007	1 738	1 834	2 472	2 643	2 643	2 643	5 910	5 978	6 296
Total Revenue (excluding capital transfers and contributions)	30 816	33 974	36 569	49 680	50 421	44 687	44 687	48 549	44 790	47 159

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.

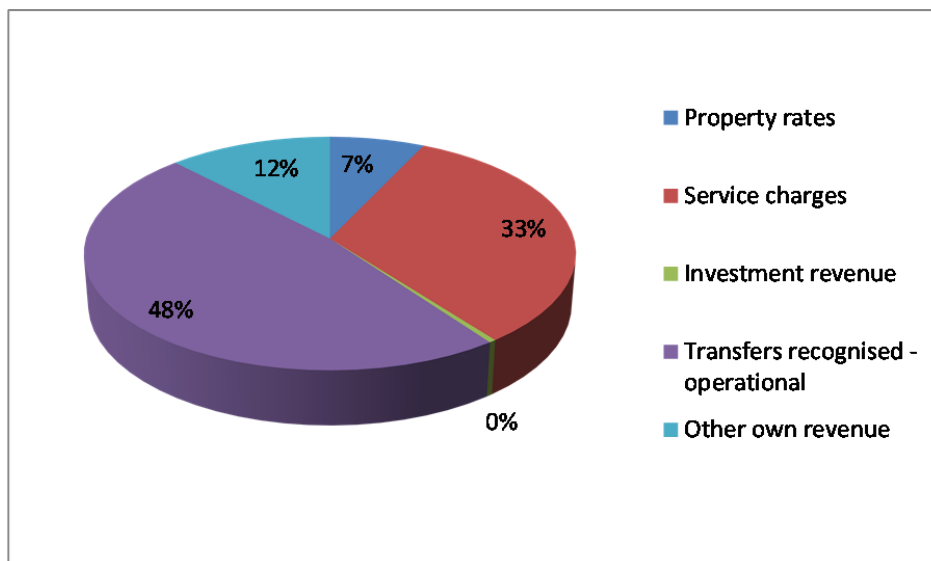


Figure 5 Breakdown of operating revenue over the 2014/15 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 85 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are:

Table 36 Proposed tariff increases over the medium-term

NC067 Khai-Ma - Supporting Table SA14 Household bills											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		192.20	217.35	234.43	700.00	700.00	700.00		770.00	816.20	865.17
Electricity: Basic levy		-	-	-	-	-	-				
Electricity: Consumption		970.00	1 110.00	1 240.00	1 330.00	1 330.00	1 330.00		1 416.00	1 529.28	1 621.18
Water: Basic levy		55.00	60.50	65.00	90.00	90.00	90.00		99.00	104.94	111.24
Water: Consumption		156.00	204.00	265.50	285.00	285.00	285.00		313.50	332.31	352.25
Sanitation		59.40	65.30	70.00	85.00	85.00	85.00		93.50	99.11	105.06
Refuse removal		57.00	62.70	67.00	80.00	80.00	80.00		88.00	93.28	98.88
Other		-	-	-	-	-	-				
sub-total		1 489.60	1 719.85	1 941.93	2 570.00	2 570.00	2 570.00	8.2%	2 780.00	2 975.12	3 153.78
VAT on Services		-	-	-	-	-	-				
Total large household bill:		1 489.60	1 719.85	1 941.93	2 570.00	2 570.00	2 570.00	8.2%	2 780.00	2 975.12	3 153.78
% increase/-decrease			15.5%	12.9%	32.3%	-	-		8.2%	7.0%	6.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		-	-	-	-	-	-				
Electricity: Basic levy		-	-	-	-	-	-				
Electricity: Consumption		408.36	498.89	620.00	665.00	665.00	665.00		708.00	750.48	795.51
Water: Basic levy		62.00	60.50	65.00	90.00	90.00	90.00		99.00	104.94	111.24
Water: Consumption		130.00	170.00	221.25	237.50	237.50	237.50		261.25	275.92	293.54
Sanitation		59.40	65.30	77.17	85.00	85.00	85.00		93.50	99.11	105.06
Refuse removal		57.00	62.70	67.00	80.00	80.00	80.00		88.00	93.28	98.88
Other		-	-	-	-	-	-				
sub-total		716.76	857.39	1 050.42	1 157.50	1 157.50	1 157.50	8.0%	1 249.75	1 323.73	1 404.23
VAT on Services		-	-	-	-	-	-				
Total small household bill:		716.76	857.39	1 050.42	1 157.50	1 157.50	1 157.50	8.0%	1 249.75	1 323.73	1 404.23
% increase/-decrease			19.6%	22.5%	10.2%	-	-		8.0%	5.9%	6.1%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		-	-	-	-	-	-				
Electricity: Basic levy		-	-	-	-	-	-				
Electricity: Consumption		332.50	339.50	356.30	395.50	395.50	395.50		422.10	455.88	492.35
Water: Basic levy		55.00	60.50	65.00	90.00	90.00	90.00		99.00	104.94	111.24
Water: Consumption		31.20	40.80	123.90	190.00	190.00	190.00		209.00	221.54	234.83
Sanitation		59.40	65.30	70.00	85.00	85.00	85.00		93.50	99.11	105.06
Refuse removal		55.00	62.70	67.00	80.00	80.00	80.00		88.00	93.28	98.88
Other		-	-	-	-	-	-				
sub-total		533.10	568.80	682.20	840.50	840.50	840.50	8.5%	911.60	974.75	1 042.36
VAT on Services		-	-	-	-	-	-				
Total small household bill:		533.10	568.80	682.20	840.50	840.50	840.50	8.5%	911.60	974.75	1 042.36
% increase/-decrease			6.7%	19.9%	23.2%	-	-		8.5%	6.9%	6.9%

The tables below provide detail investment information and investment particulars by maturity.

Table 37 MBRR SA15 – Detail Investment Information

NC067 Khai-Ma - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		5 021	9 296	200	3 000	200	200	200	200	200
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	5 021	9 296	200	3 000	200	200	200	200	200
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		5 021	9 296	200	3 000	200	200	200	200	200
<u>References</u>										
1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)										

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

Table 38 MBRR SA16 – Investment particulars by maturity

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

INC067 Khai-Ma - Supporting Table SA16 Investment particulars by maturity														
Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Name of institution & investment ID	1	Yrs/Months												
Parent municipality														
Standard Bank		Monthly	Call Deposit	Yes	Variable	6				200	-	-	-	-
														200
														-
														-
														-
Municipality sub-total										200		-	-	200
Entities														
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	1									200		-	-	200

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

Table 39 Sources of capital revenue over the MTREF

NC067 Khai-Ma - Table A9 Asset Management										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	9 051	3 339	9 064	15 803	29 399	29 399	19 987	6 767	6 882
Infrastructure - Road transport		656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882
Infrastructure - Electricity		40	41	1 000	2 053	4 829	4 829	3 000	-	-
Infrastructure - Water		7 256	1 552	-	-	1 563	1 563	880	-	-
Infrastructure - Sanitation		40	70	1 600	-	3 694	3 694	2 951	-	-
Infrastructure - Other		-	176	-	-	-	-	-	-	-
Infrastructure		7 993	2 270	6 050	11 420	20 521	20 521	15 530	6 767	6 882
Community		295	502	1 455	2 849	2 778	2 778	1 167	-	-
Heritage assets		-	2	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		764	566	1 560	1 535	6 100	6 100	3 290	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882
Infrastructure - Electricity		40	41	1 000	2 053	4 829	4 829	3 000	-	-
Infrastructure - Water		7 256	1 552	-	-	1 563	1 563	880	-	-
Infrastructure - Sanitation		40	70	1 600	-	3 694	3 694	2 951	-	-
Infrastructure - Other		-	176	-	-	-	-	-	-	-
Infrastructure		7 993	2 270	6 050	11 420	20 521	20 521	15 530	6 767	6 882
Community		295	502	1 455	2 849	2 778	2 778	1 167	-	-
Heritage assets		-	2	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		764	566	1 560	1 535	6 100	6 100	3 290	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	9 051	3 339	9 064	15 803	29 399	29 399	19 987	6 767	6 882
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	2 099	2 368	5 813	12 590	12 570	12 570	21 116	27 737	34 467
Infrastructure - Electricity		2 750	2 664	3 570	5 556	7 770	7 770	10 597	10 509	10 417
Infrastructure - Water		14 114	15 205	19 069	13 778	15 695	15 695	16 104	15 658	15 189
Infrastructure - Sanitation		2 823	2 777	4 157	4 227	6 354	6 354	9 211	9 131	9 046
Infrastructure - Other		1 752	1 742	1 070	1 142	1 322	1 322	808	257	(321)
Infrastructure		23 538	24 755	33 679	37 293	43 712	43 712	57 836	63 292	68 796
Community		8 596	8 913	12 641	12 903	13 435	13 435	14 407	14 235	14 054
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	75	-	75	71	71	69	67	65
Other assets		30 811	30 405	31 720	31 569	36 233	36 233	38 289	37 189	36 032
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		387	342	387	342	206	206	156	106	56
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	63 332	64 490	78 427	82 182	93 657	93 657	110 758	114 889	119 005
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		1 769	2 094	2 161	2 392	2 397	2 397	2 886	2 637	2 766
<u>Repairs and Maintenance by Asset Class</u>	3	740	1 063	1 311	1 707	1 320	1 320	1 908	1 664	1 756
Infrastructure - Road transport		-	9	8	15	15	15	30	32	33
Infrastructure - Electricity		509	99	203	550	360	360	530	211	223
Infrastructure - Water		103	374	369	400	350	350	530	559	590
Infrastructure - Sanitation		-	16	-	20	20	20	30	32	33
Infrastructure - Other		32	54	13	-	-	-	-	-	-
Infrastructure		644	552	592	985	745	745	1 120	833	879
Community		30	9	159	35	35	35	40	42	45
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	66	502	560	687	540	540	748	789	832
TOTAL EXPENDITURE OTHER ITEMS		2 508	3 157	3 473	4 098	3 716	3 716	4 793	4 301	4 522

The above table is graphically represented as follows for the 2013/14 financial year.

Figure 6 Sources of capital revenue for the 2014/15 financial year

All external fund are redeemed.

Table 41 MBRR Table SA 18 - Capital transfers and grant receipts

NC067 Khai-Ma - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		13 096	12 961	16 279	16 188	16 188	16 188	16 555	17 521	18 199
Local Government Equitable Share		9 566	10 921	12 489	13 134	13 134	13 134	13 821	14 867	15 359
Finance Management		2 850	1 250	1 400	1 650	1 650	1 650	1 800	1 687	1 822
Municipal Systems Improvement		680	790	760	765	765	765	934	967	1 018
Municipal Infrastructure		-	-	1 630	639	639	639	-	-	-
Water Affairs		-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		14 472	7 716	11 771	13 314	15 082	15 082	6 481	609	640
Housing		13 986	7 300	11 350	12 780	14 664	14 664	5 734	-	-
Library		195	416	415	484	368	368	747	609	640
Tourism		14	-	-	-	-	-	-	-	-
Extended Public Works Program		278	-	-	-	-	-	-	-	-
Prov . Sport		-	-	-	50	50	50	-	-	-
Prov . Infrastructure Grant		-	-	-	-	-	-	-	-	-
Boundary Fencing		-	-	6	-	-	-	-	-	-
District Municipality:		103	39	895	-	-	-	30	-	-
Namakwa District Municipality		103	-	858	-	-	-	-	-	-
NDM -LG SETA		-	39	37	-	-	-	30	-	-
Other grant providers:		-	-	50	-	-	-	350	-	-
Other		-	-	50	-	-	-	150	-	-
Vedanta - Black Mountain		-	-	-	-	-	-	200	-	-
Total Operating Transfers and Grants	5	27 671	20 715	28 995	29 502	31 270	31 270	23 416	18 130	18 839
Capital Transfers and Grants										
National Government:		15 823	8 840	11 613	10 545	14 855	14 855	11 954	6 767	6 882
Municipal Infrastructure		13 150	8 840	10 473	8 367	8 367	8 367	8 314	6 767	6 882
Financial Management		150	-	100	-	-	-	-	-	-
Municipal Systems Improvement		70	-	40	125	125	125	-	-	-
Land Affairs		2 453	-	-	-	147	147	-	-	-
Integrated National Electrification Programme		-	-	1 000	2 053	2 376	2 376	3 000	-	-
Accelerated Community Infrastructure Programme		-	-	-	-	3 840	3 840	640	-	-
Provincial Government:		257	-	80	1 071	1 116	6 877	1 000	-	-
Housing		168	-	-	-	-	-	-	-	-
COGHTA		-	-	-	-	-	5 761	-	-	-
EPWP		-	-	-	1 000	1 000	1 000	1 000	-	-
Library		89	-	80	71	116	116	-	-	-
District Municipality:		2 745	599	180	-	-	-	3 200	-	-
Accelerated Community Infrastructure Programme		2 745	599	180	-	-	-	3 200	-	-
-		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	200	-	-
Other		-	-	-	-	-	-	-	-	-
Vedanta - Black Mountain		-	-	-	-	-	-	200	-	-
Total Capital Transfers and Grants	5	18 825	9 439	11 873	11 616	15 971	21 732	16 354	6 767	6 882
TOTAL RECEIPTS OF TRANSFERS & GRANTS		46 496	30 154	40 868	41 117	47 241	53 002	39 770	24 897	25 722

2.6.3 Cash Flow Management

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue By Source																
Property rates		277	277	277	277	277	277	277	277	277	277	277	277	3 319	3 519	3 730
Property rates - penalties & collection charges		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Service charges - electricity revenue		564	564	564	564	564	564	564	564	564	564	564	564	6 763	7 263	7 800
Service charges - water revenue		550	550	550	550	550	550	550	550	550	550	550	550	6 599	6 995	7 414
Service charges - sanitation revenue		136	136	136	136	136	136	136	136	136	136	136	136	1 631	1 729	1 833
Service charges - refuse revenue		64	64	64	64	64	64	64	64	64	64	64	64	763	809	857
Service charges - other		4	4	4	4	4	4	4	4	4	4	4	4	48	50	53
Rental of facilities and equipment		90	90	90	90	90	90	90	90	90	90	90	90	1 083	1 147	1 216
Interest earned - external investments		17	17	17	17	17	17	17	17	17	17	17	17	200	212	225
Interest earned - outstanding debtors		54	54	54	54	54	54	54	54	54	54	54	54	648	687	728
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Licences and permits		3	3	3	3	3	3	3	3	3	3	3	3	36	38	40
Agency services		11	11	11	11	11	11	11	11	11	11	11	11	135	143	152
Transfers recognised - operational		1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	23 216	18 130	18 839
Other revenue		332	332	332	332	332	332	332	332	332	332	332	332	3 979	3 931	4 126
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	48 549	44 790	47 159
Expenditure By Type																
Employee related costs		1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	17 461	18 578	19 768
Remuneration of councillors		155	155	155	155	155	155	155	155	155	155	155	155	1 858	1 977	2 104
Debt impairment		213	213	213	213	213	213	213	213	213	213	213	213	2 550	2 134	2 239
Depreciation & asset impairment		240	240	240	240	240	240	240	240	240	240	240	240	2 886	2 637	2 766
Finance charges		19	19	19	19	19	19	19	19	19	19	19	19	226	382	401
Bulk purchases		611	611	611	611	611	611	611	611	611	611	611	611	7 327	7 918	8 556
Other materials		136	136	136	136	136	136	136	136	136	136	136	136	1 633	1 723	1 818
Contracted services		0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure by type		1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	15 013	9 026	9 564
Loss on disposal of PPE		2	2	2	2	2	2	2	2	2	2	2	2	25	-	-
Total Expenditure		4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	48 985	44 381	47 220
Surplus/(Deficit)																
Transfers recognised - capital		1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	19 897	6 767	6 882
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 18 MBRR Table A7 - Budget cash flow statement

NC067 Khai-Ma - Table A7 Budgeted Cash Flows												
Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Ratepayers and other			6 875	11 020	13 780	20 374	15 820	15 820	15 820	20 012	20 126	22 783
Government - operating		1	22 911	21 314	30 775	29 502	30 343	30 343	30 343	17 482	18 130	18 839
Government - capital		1	6 301	8 840	10 093	11 615	25 157	25 157	25 157	16 354	6 767	6 882
Interest			1 041	1 206	912	200	230	230	230	200	212	225
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(27 473)	(34 566)	(41 543)	(38 019)	(46 624)	(46 624)	(46 624)	(34 193)	(38 095)	(40 553)
Finance charges			(448)	(501)	(221)	(347)	(347)	(347)	(347)	(226)	(382)	(401)
Transfers and Grants		1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES			9 207	7 313	13 796	23 325	24 579	24 579	24 579	19 630	6 758	7 776
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors			-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	-	-
Payments												
Capital assets			(9 778)	(2 866)	(9 064)	(15 803)	(29 399)	(29 399)	(29 399)	(19 987)	(6 767)	(6 882)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(9 778)	(2 866)	(9 064)	(15 803)	(29 399)	(29 399)	(29 399)	(19 987)	(6 767)	(6 882)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	1 300	1 300	1 300	1 300	-	-	-
Increase (decrease) in consumer deposits			(3)	15	6	6	3	3	3	4	5	5
Payments												
Repayment of borrowing			(481)	(417)	-	-	-	-	-	(234)	(238)	(234)
NET CASH FROM/(USED) FINANCING ACTIVITIES			(485)	(402)	6	1 306	1 303	1 303	1 303	(230)	(233)	(230)
NET INCREASE/ (DECREASE) IN CASH HELD			(1 055)	4 045	4 738	8 828	(3 517)	(3 517)	(3 517)	(587)	(243)	664
Cash/cash equivalents at the year begin:		2	(129)	(1 184)	2 860	6 293	6 404	6 404	6 404	2 887	2 300	2 057
Cash/cash equivalents at the year end:		2	(1 184)	2 860	7 598	15 121	2 887	2 887	2 887	2 300	2 057	2 721

The above table shows that cash and cash equivalents of the municipality were largely depleted between the 2010/11 and 2016/17.

2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A deficit would indicate the cash-backed accumulated surplus that was/is available.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC067 Khai-Ma - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(1 184)	2 860	7 598	15 121	2 887	2 887	2 887	2 300	2 057	2 721
Other current investments > 90 days		6 493	6 493	(1 305)	(0)	(0)	(0)	9 277	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		5 309	9 353	6 293	15 121	2 887	2 887	12 164	2 300	2 057	2 721
Application of cash and investments											
Unspent conditional transfers		6 118	10 527	2 849	-	-	-	9 277	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	214	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	3 063	3 339	2 598	1 676	2 821	2 821	2 821	5 695	3 473	1 071
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	14	15	14	14	16	16	16	17	17	18
Total Application of cash and investments:		9 409	13 881	5 461	1 690	2 837	2 837	12 115	5 712	3 490	1 089
Surplus(shortfall)		(4 100)	(4 528)	832	13 431	50	50	50	(3 412)	(1 433)	1 632

From the above table it can be seen that the cash and investments available total R1.6 million in the 2014/15 financial year and progressively increase to R2.9 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44 MBRR SA10 – Funding compliance measurement

NC067 Khai-Ma Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	(1 184)	2 860	7 598	15 121	2 887	2 887	2 887	2 300	2 057	2 721
Cash + investments at the year end less applications - R'000	18(1)b	2	(4 100)	(4 528)	832	13 431	50	50	50	(3 412)	(1 433)	1 632
Cash year end/monthly employee/supplier payments	18(1)b	3	(0.7)	1.3	3.0	5.2	1.0	1.0	1.0	0.8	0.7	0.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	9 888	(2 080)	681	13 989	27 625	21 891	21 891	19 597	7 312	6 957
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	43.5%	15.7%	22.0%	(7.7%)	(6.0%)	(6.0%)	5.7%	0.5%	0.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	72.2%	85.0%	88.9%	102.0%	79.7%	79.7%	79.7%	79.6%	76.1%	81.1%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	20.6%	37.4%	32.7%	10.8%	10.5%	10.5%	10.5%	12.6%	9.9%	9.7%
Capital payments % of capital expenditure	18(1)c,(19)	8	108.0%	85.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	97.0%	93.3%	93.3%	93.3%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								128.7%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	4.6%	1.8%	36.7%	(1.2%)	0.0%	0.0%	45.4%	50.9%	24.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	1.2%	1.7%	1.7%	2.1%	1.4%	1.4%	2.0%	1.7%	1.5%	1.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.6.5.1 Cash/cash equivalent position

The municipality forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

2.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25.

2.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due.

Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.5.4 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.5.5 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

2.6.5.6 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

2.6.5.7 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

All longterm laons were redeemed.

2.6.5.8 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

2.6.5.9 Consumer debtors change (Current and Non-current)

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables.

2.6.5.10 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

2.6.5.11 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

NC067 Khai-Ma - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		13 096	12 961	16 279	16 058	15 174	15 174	16 555	17 521	18 199
Local Government Equitable Share		9 566	10 921	12 489	13 134	13 134	13 134	13 821	14 867	15 359
Finance Management		2 850	1 250	1 400	1 650	1 550	1 550	1 800	1 687	1 822
Municipal Systems Improvement		680	790	760	765	490	490	934	967	1 018
Municipal Infrastructure		—	—	1 630	509	—	—	—	—	—
Water Affairs		—	—	—	—	—	—	—	—	—
Other transfers/grants [insert description]		—	—	—	—	—	—	—	—	—
Provincial Government:		14 472	7 716	16 279	13 264	15 032	15 032	747	609	640
Housing		13 986	7 300	12 489	12 780	14 664	14 664	—	—	—
Library		195	416	1 400	484	368	368	747	609	640
Tourism		14	—	760	—	—	—	—	—	—
Extended Public Works Program		278	—	1 630	—	—	—	—	—	—
Prov . Sport		—	—	—	—	—	—	—	—	—
Boundary Fencing		—	—	—	—	—	—	—	—	—
District Municipality:		103	39	895	130	37	37	30	—	—
Namakwa District Municipality		103	—	858	130	—	—	30	—	—
NDM -LG SETA		—	39	37	—	37	37	—	—	—
Other grant providers:		—	—	50	50	100	100	150	—	—
Other		—	—	50	50	100	100	150	—	—
Vedanta - Black Mountain		—	—	—	—	—	—	—	—	—
Total operating expenditure of Transfers and Grants		27 671	20 715	33 503	29 502	30 343	30 343	17 482	18 130	18 839
Capital expenditure of Transfers and Grants										
National Government:		15 823	8 840	11 613	14 322	23 980	23 980	11 954	6 767	6 882
Municipal Infrastructure		13 150	8 840	10 473	12 145	18 854	18 854	8 314	6 767	6 882
Financial Management		150	—	100	—	100	100	—	—	—
Municipal Systems Improvement		70	—	40	125	150	150	—	—	—
Land Affairs		2 453	—	—	—	147	147	—	—	—
Integrated National Electrification Programme		—	—	1 000	2 053	4 729	4 729	3 000	—	—
Accelerated Community Infrastructure Programme		—	—	—	—	—	—	640	—	—
Provincial Government:		257	—	80	141	186	2 404	4 543	—	—
Housing		168	—	—	—	—	—	—	—	—
COGHTA		—	—	—	—	—	2 218	3 543	—	—
EPWP		—	—	80	—	—	—	1 000	—	—
Library		89	—	—	141	186	186	—	—	—
District Municipality:		2 745	599	180	—	—	—	3 200	—	—
Namakwa District Municipality		2 745	599	180	—	—	—	3 200	—	—
Other grant providers:		—	—	—	—	3 840	3 840	200	—	—
Other		—	—	—	—	—	—	200	—	—
Vedanta - Black Mountain		—	—	—	—	3 840	3 840	—	—	—
Total capital expenditure of Transfers and Grants		18 825	9 439	11 873	14 463	28 006	30 224	19 897	6 767	6 882
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		46 496	30 154	45 376	43 965	58 348	60 566	37 379	24 897	25 722

Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC067 Khai-Ma - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	-	-	-	23	23	-	-	-
Current year receipts		6 296	12 897	8 046	16 188	16 188	16 188	16 555	17 521	18 199
Conditions met - transferred to revenue		6 296	12 897	8 046	16 188	16 211	16 211	16 555	17 521	18 199
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	(950)	(950)	5 734	-	-
Current year receipts		14 472	7 716	11 771	13 314	15 082	15 082	747	609	640
Conditions met - transferred to revenue		14 472	7 716	11 771	13 314	14 132	8 397	6 481	609	640
Conditions still to be met - transferred to liabilities		-	-	-	-	-	5 734	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		103	39	895	-	-	-	30	-	-
Conditions met - transferred to revenue		103	39	895	-	-	-	30	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	50	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	150	-	-
Conditions met - transferred to revenue		-	-	50	-	-	-	150	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		20 871	20 651	20 762	29 502	30 343	24 609	23 216	18 130	18 839
Total operating transfers and grants - CTBM	2	-	-	-	-	-	5 734	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	-	-	2 848	11 964	11 964	-	-	-
Current year receipts		5 688	2 548	11 613	10 545	14 855	14 855	11 954	6 767	6 882
Conditions met - transferred to revenue		5 688	2 548	8 835	13 393	26 819	26 819	11 954	6 767	6 882
Conditions still to be met - transferred to liabilities		-	-	2 778	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	-	71	71	3 543	-	-
Current year receipts		168	-	80	1 071	1 116	4 659	1 000	-	-
Conditions met - transferred to revenue		168	-	9	1 071	1 187	1 187	4 543	-	-
Conditions still to be met - transferred to liabilities		-	-	71	-	-	3 543	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		2 745	599	180	-	-	-	3 200	-	-
Conditions met - transferred to revenue		2 745	599	180	-	-	-	3 200	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	200	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	200	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		8 601	3 147	9 024	14 464	28 006	28 006	19 897	6 767	6 882
Total capital transfers and grants - CTBM	2	-	-	2 849	-	-	3 543	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		29 472	23 798	29 786	43 965	58 348	52 614	43 114	24 897	25 722
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	2 849	-	-	9 277	-	-	-

2.8 Councillor and employee benefits

Table 47 MBRR SA22 - Summary of councillor and staff benefits

NC067 Khai-Ma - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		1 089	1 190	1 256	1 451	1 451	1 451	1 318	1 402	1 492
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		363	397	419	439	439	439	410	439	468
Cellphone Allowance		86	92	99	101	101	101	101	108	115
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		1 538	1 679	1 774	1 991	1 991	1 991	1 829	1 949	2 074
% increase	4		9.2%	5.7%	12.2%	–	–	(8.2%)	6.5%	6.4%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		927	1 450	1 190	922	656	656	1 232	1 316	1 405
Pension and UIF Contributions		165	153	63	191	106	106	270	288	308
Medical Aid Contributions		141	146	46	129	50	50	148	158	169
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		93	134	106	81	63	63	109	117	125
Motor Vehicle Allowance	3	372	269	397	318	241	241	410	438	468
Cellphone Allowance	3	42	36	33	7	22	22	31	33	35
Housing Allowances	3	41	21	11	–	–	–	–	–	–
Other benefits and allowances	3	–	–	–	–	–	–	–	–	–
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		1 781	2 209	1 846	1 648	1 138	1 138	2 201	2 350	2 510
% increase	4		24.0%	(16.5%)	(10.7%)	(31.0%)	–	93.4%	6.8%	6.8%
Other Municipal Staff										
Basic Salaries and Wages		3 780	3 607	5 418	8 115	8 065	8 065	9 964	10 594	11 266
Pension and UIF Contributions		573	(65)	992	1 276	1 120	1 120	1 636	1 740	1 850
Medical Aid Contributions		583	623	695	1 021	586	586	540	574	611
Overtime		242	521	324	648	638	638	787	837	891
Performance Bonus		–	–	417	586	511	511	754	802	853
Motor Vehicle Allowance	3	80	289	90	90	166	166	163	171	181
Cellphone Allowance	3	–	–	26	–	–	–	43	46	49
Housing Allowances	3	12	32	14	4	13	13	4	4	4
Other benefits and allowances	3	1 030	1 471	1 122	1 217	1 017	1 017	768	817	869
Payments in lieu of leave		–	–	170	200	204	204	278	296	315
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	315	315	352	375	398
Sub Total - Other Municipal Staff		6 300	6 479	9 268	13 155	12 635	12 635	15 290	16 257	17 287
% increase	4		2.8%	43.1%	41.9%	(4.0%)	–	21.0%	6.3%	6.3%
Total Parent Municipality		9 619	10 367	12 888	16 794	15 764	15 764	19 319	20 555	21 871
			7.8%	24.3%	30.3%	(6.1%)	–	22.6%	6.4%	6.4%
TOTAL SALARY, ALLOWANCES & BENEFITS		9 619	10 367	12 888	16 794	15 764	15 764	19 319	20 555	21 871
% increase	4		7.8%	24.3%	30.3%	(6.1%)	–	22.6%	6.4%	6.4%
TOTAL MANAGERS AND STAFF	5.7	8 081	8 688	11 114	14 803	13 772	13 772	17 490	18 607	19 797

Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

NC067 Khai-Ma - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		-	-	-			-
Chief Whip			-	-	-			-
Executive Mayor			470 950	-	185 030			655 980
Deputy Executive Mayor			-	-	-			-
Executive Committee			-	-	-			-
Total for all other councillors			846 720	-	326 160			1 172 880
Total Councillors	8	-	1 317 670	-	511 190			1 828 860
Senior Managers of the Municipality	5							
Municipal Manager (MM)			390 000	147 690	112 000	39 000		688 690
Chief Finance Officer			292 160	107 910	115 040	24 350		539 460
Corporate Service Manager			275 000	83 550	107 040	22 920		488 510
Infrastructure Manager			275 000	85 970	100 000	22 920		483 890
								-
								-
Total Senior Managers of the Municipality	8,10	-	1 232 160	425 120	434 080	109 190		2 200 550
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	-	2 549 830	425 120	945 270	109 190		4 029 410

Table 49 MBRR SA24 – Summary of personnel numbers

NC067 Khai-Ma - Supporting Table SA24 Summary of personnel numbers										
Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		7	7	7	7	7	7	7	7	7
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
Municipal employees	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	4	4	4	3	3	3	4	4	4
Other Managers	7	-	-	-	-	-	-	-	-	-
Professionals		-	-	-	-	-	-	3	3	3
Finance		-	-	-	-	-	-	3	3	3
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Technicians		31	31	31	33	33	33	59	59	59
Finance		-	-	-	-	-	-	-	-	-
Spatial/town planning		-	-	-	-	-	-	-	-	-
Information Technology		-	-	-	-	-	-	-	-	-
Roads		2	2	2	2	2	2	3	3	3
Electricity		1	1	1	2	2	2	2	2	2
Water		9	9	9	9	9	9	17	17	17
Sanitation		9	9	9	9	9	9	17	17	17
Refuse		9	9	9	9	9	9	17	17	17
Other		1	1	1	2	2	2	3	3	3
Clerks (Clerical and administrative)		29	29	29	30	30	30	28	28	28
Service and sales workers		-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		3	3	3	3	3	3	-	-	-
Elementary Occupations		-	-	-	-	-	-	-	-	-
TOTAL PERSONNEL NUMBERS	9	74	74	74	76	76	76	101	101	101
% Increase					2.7%	2.7%	2.7%	32.9%	32.9%	32.9%
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10									
Human Resources personnel headcount	8, 10									

2.9 Monthly targets for revenue, expenditure and cash flow

Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure

NC067 Khai-Ma - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue By Source																
Property rates		277	277	277	277	277	277	277	277	277	277	277	277	3 319	3 519	3 730
Property rates - penalties & collection charges		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Service charges - electricity revenue		564	564	564	564	564	564	564	564	564	564	564	564	6 763	7 263	7 800
Service charges - water revenue		550	550	550	550	550	550	550	550	550	550	550	550	6 599	6 995	7 414
Service charges - sanitation revenue		136	136	136	136	136	136	136	136	136	136	136	136	1 631	1 729	1 833
Service charges - refuse revenue		64	64	64	64	64	64	64	64	64	64	64	64	763	809	857
Service charges - other		4	4	4	4	4	4	4	4	4	4	4	4	48	50	53
Rental of facilities and equipment		90	90	90	90	90	90	90	90	90	90	90	90	1 083	1 147	1 216
Interest earned - external investments		17	17	17	17	17	17	17	17	17	17	17	17	200	212	225
Interest earned - outstanding debtors		54	54	54	54	54	54	54	54	54	54	54	54	648	687	728
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Licences and permits		3	3	3	3	3	3	3	3	3	3	3	3	36	38	40
Agency services		11	11	11	11	11	11	11	11	11	11	11	11	135	143	152
Transfers recognised - operational		1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	23 216	18 130	18 839
Other revenue		332	332	332	332	332	332	332	332	332	332	332	332	3 979	3 931	4 126
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	4 046	48 549	44 790	47 159
Expenditure By Type																
Employee related costs		1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	17 461	18 578	19 768
Remuneration of councillors		155	155	155	155	155	155	155	155	155	155	155	155	1 858	1 977	2 104
Debt impairment		213	213	213	213	213	213	213	213	213	213	213	213	2 550	2 134	2 239
Depreciation & asset impairment		240	240	240	240	240	240	240	240	240	240	240	240	2 886	2 637	2 766
Finance charges		19	19	19	19	19	19	19	19	19	19	19	19	226	382	401
Bulk purchases		611	611	611	611	611	611	611	611	611	611	611	611	7 327	7 918	8 556
Other materials		136	136	136	136	136	136	136	136	136	136	136	136	1 633	1 723	1 818
Contracted services		0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure by type		1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	15 013	9 026	9 564
Loss on disposal of PPE		2	2	2	2	2	2	2	2	2	2	2	2	25	-	-
Total Expenditure		4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	48 985	44 381	47 220
Surplus/(Deficit)																
Transfers recognised - capital		(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(436)	409	(61)
Contributions recognised - capital		1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	19 897	6 767	6 882
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions																
Taxation		1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822

Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC067 Khai-Ma - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue by Vote																
Vote1 - Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote2 - Finance		2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	2 005	24 058	25 473	26 629
Vote3 - Corporate Services		459	459	459	459	459	459	459	459	459	459	459	459	5 503	847	891
Vote4 - Infrastructure Development		2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	2 750	33 001	25 238	26 521
Vote5 - Economic Development		490	490	490	490	490	490	490	490	490	490	490	490	5 884	–	–
Total Revenue by Vote		5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	68 446	51 558	54 042
Expenditure by Vote to be appropriated																
Vote1 - Municipal Manager		392	392	392	392	392	392	392	392	392	392	392	392	4 710	4 965	5 275
Vote2 - Finance		475	475	475	475	475	475	475	475	475	475	475	475	5 697	5 827	6 212
Vote3 - Corporate Services		623	623	623	623	623	623	623	623	623	623	623	623	7 474	7 561	8 023
Vote4 - Infrastructure Development		1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	1 994	23 932	24 502	26 089
Vote5 - Economic Development		598	598	598	598	598	598	598	598	598	598	598	598	7 172	1 526	1 620
Total Expenditure by Vote		4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	48 985	44 381	47 220
Surplus/(Deficit) before assoc.		1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822
References																
1. Surplus (Deficit) must reconcile with Budgeted Financial Performance																

Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC067 Khai-Ma - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)																	
Description		Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard																	
Governance and administration			2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	2 008	24 100	25 487	26 644
Executive and council			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office			1 665	1 665	1 665	1 665	1 665	1 665	1 665	1 665	1 665	1 665	1 665	1 665	19 977	21 147	22 044
Corporate services			344	344	344	344	344	344	344	344	344	344	344	344	4 124	4 339	4 600
Community and public safety			916	916	916	916	916	916	916	916	916	916	916	916	10 996	623	654
Community and social services			438	438	438	438	438	438	438	438	438	438	438	438	5 260	621	652
Sport and recreation			0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Public safety			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing			478	478	478	478	478	478	478	478	478	478	478	478	5 734	-	-
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services			840	840	840	840	840	840	840	840	840	840	840	840	10 078	7 928	8 071
Planning and development			13	13	13	13	13	13	13	13	13	13	13	13	150	-	-
Road transport			827	827	827	827	827	827	827	827	827	827	827	827	9 928	7 928	8 071
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services			1 939	1 939	1 939	1 939	1 939	1 939	1 939	1 939	1 939	1 939	1 939	1 939	23 272	17 520	18 673
Electricity			818	818	818	818	818	818	818	818	818	818	818	818	9 812	7 315	7 855
Water			661	661	661	661	661	661	661	661	661	661	661	661	7 934	7 477	7 926
Waste water management			389	389	389	389	389	389	389	389	389	389	389	389	4 662	1 814	1 922
Waste management			72	72	72	72	72	72	72	72	72	72	72	72	863	915	970
Other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard			5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	68 446	51 558	54 042
Expenditure - Standard																	
Governance and administration			1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	1 294	15 531	16 237	17 274
Executive and council			392	392	392	392	392	392	392	392	392	392	392	392	4 710	4 965	5 275
Budget and treasury office			457	457	457	457	457	457	457	457	457	457	457	457	5 486	5 762	6 144
Corporate services			445	445	445	445	445	445	445	445	445	445	445	445	5 335	5 509	5 854
Community and public safety			717	717	717	717	717	717	717	717	717	717	717	717	8 600	2 632	2 781
Community and social services			184	184	184	184	184	184	184	184	184	184	184	184	2 210	1 967	2 079
Sport and recreation			43	43	43	43	43	43	43	43	43	43	43	43	516	516	545
Public safety			12	12	12	12	12	12	12	12	12	12	12	(129)	-	-	-
Housing			478	478	478	478	478	478	478	478	478	478	478	478	5 734	-	-
Health			-	-	-	-	-	-	-	-	-	-	-	-	141	148	156
Economic and environmental services			218	218	218	218	218	218	218	218	218	218	218	218	2 613	2 754	2 919
Planning and development			97	97	97	97	97	97	97	97	97	97	97	97	1 167	1 239	1 315
Road transport			120	120	120	120	120	120	120	120	120	120	120	120	1 446	1 515	1 604
Environmental protection			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services			1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	1 831	21 971	22 472	23 942
Electricity			522	522	522	522	522	522	522	522	522	522	522	522	6 261	6 222	6 693
Water			644	644	644	644	644	644	644	644	644	644	644	644	7 723	8 353	8 889
Waste water management			336	336	336	336	336	336	336	336	336	336	336	336	4 028	3 927	4 159
Waste management			330	330	330	330	330	330	330	330	330	330	330	330	3 958	3 970	4 201
Other			23	23	23	23	23	23	23	23	23	23	23	23	271	287	305
Total Expenditure - Standard			4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	4 082	48 985	44 381	47 220
Surplus/(Deficit) before assoc.			1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		1	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	1 622	19 461	7 176	6 822
References																	
1. Surplus (Deficit) must reconcile with Budgeted Financial Performance																	

Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

NC067 Khai-Ma - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)																
Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Multi-year expenditure to be appropriated	1															
Vote1 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote4 - Infrastructure Development		991	991	991	991	991	991	991	991	991	991	991	991	11 890	6 767	6 882
Vote5 - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	991	991	991	991	991	991	991	991	991	991	991	991	11 890	6 767	6 882
Single-year expenditure to be appropriated																
Vote1 - Municipal Manager		5	5	5	5	5	5	5	5	5	5	5	5	60	-	-
Vote2 - Finance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		366	366	366	366	366	366	366	366	366	366	366	366	4 397	-	-
Vote4 - Infrastructure Development		303	303	303	303	303	303	303	303	303	303	303	303	3 640	-	-
Vote5 - Economic Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	675	675	675	675	675	675	675	675	675	675	675	675	8 097	-	-
Total Capital Expenditure	2	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	1 666	19 987	6 767	6 882

Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC067 Khai-Ma - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)																
Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Capital Expenditure - Standard	1															
Governance and administration		-	-	-	-	-	-	-	-	-	-	-	60	60	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	60	60	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	-	-	4 397	4 397	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	4 397	4 397	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services		725	725	725	725	725	725	725	725	725	725	725	725	8 699	6 767	6 882
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		725	725	725	725	725	725	725	725	725	725	725	725	8 699	6 767	6 882
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services		266	266	266	266	266	266	266	266	266	266	266	3 906	6 832	-	-
Electricity		-	-	-	-	-	-	-	-	-	-	-	3 000	3 000	-	-
Water		73	73	73	73	73	73	73	73	73	73	73	73	880	-	-
Waste water management		193	193	193	193	193	193	193	193	193	193	193	833	2 951	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	2	991	991	991	991	991	991	991	991	991	991	991	9 088	19 987	6 767	6 882
Funded by:																
National Government		1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	1 263	15 154	6 767	6 882
Provincial Government		379	379	379	379	379	379	379	379	379	379	379	379	4 543	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		17	17	17	17	17	17	17	17	17	17	17	17	200	-	-
Transfers recognised - capital		1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	19 897	6 767	6 882
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-	-	90	90	-	-
Total Capital Funding		1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 748	19 987	6 767	6 882

Table 55 MBRR SA30 - Budgeted monthly cash flow

NC067 Khai-Ma - Supporting Table SA30 Budgeted monthly cash flow															
MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand															
Cash Receipts By Source													1		
Property rates	220	220	220	220	220	220	220	220	220	220	220	220	2 643	2 677	3 025
Property rates - penalties & collection charges	7	7	7	7	7	7	7	7	7	7	7	7	80	81	91
Service charges - electricity revenue	449	449	449	449	449	449	449	449	449	449	449	449	5 385	5 527	6 325
Service charges - water revenue	438	438	438	438	438	438	438	438	438	438	438	438	5 254	5 323	6 013
Service charges - sanitation revenue	108	108	108	108	108	108	108	108	108	108	108	108	1 299	1 316	1 486
Service charges - refuse revenue	51	51	51	51	51	51	51	51	51	51	51	51	608	616	695
Service charges - other	3	3	3	3	3	3	3	3	3	3	3	3	38	38	43
Rental of facilities and equipment	90	90	90	90	90	90	90	90	90	90	90	90	1 083	1 147	1 216
Interest earned - external investments	17	17	17	17	17	17	17	17	17	17	17	17	200	212	225
Interest earned - outstanding debtors	43	43	43	43	43	43	43	43	43	43	43	43	516	523	590
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Licences and permits	3	3	3	3	3	3	3	3	3	3	3	3	36	38	40
Agency services	11	11	11	11	11	11	11	11	11	11	11	11	135	143	152
Transfer receipts - operational	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	1 935	23 216	18 130	18 839
Other revenue	332	332	332	332	332	332	332	332	332	332	332	(740)	2 907	2 666	3 073
Cash Receipts by Source	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	3 708	2 636	43 429	38 468	41 847
Other Cash Flows by Source															
Transfer receipts - capital	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	19 897	6 767	6 882
Contributions recognised - capital & Contributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	4	4	5	5
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	5 366	5 366	5 366	5 366	5 366	5 366	5 366	5 366	5 366	5 366	5 366	4 299	63 330	45 240	48 735
Cash Payments by Type															
Employee related costs	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	1 455	17 461	18 578	19 768
Remuneration of councillors	155	155	155	155	155	155	155	155	155	155	155	155	1 858	1 977	2 104
Finance charges	19	19	19	19	19	19	19	19	19	19	19	19	226	382	401
Bulk purchases - Electricity	407	407	407	407	407	407	407	407	407	407	407	407	4 890	5 284	5 710
Bulk purchases - Water & Sewer	203	203	203	203	203	203	203	203	203	203	203	203	2 438	2 634	2 846
Other materials	136	136	136	136	136	136	136	136	136	136	136	136	1 633	1 723	1 818
Contracted services	0	0	0	0	0	0	0	0	0	0	0	0	5	5	6
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	1 251	(7 854)	5 908	7 894	8 303
Cash Payments by Type	3 627	3 627	3 627	3 627	3 627	3 627	3 627	3 627	3 627	3 627	3 627	(5 478)	34 419	38 478	40 954
Other Cash Flows/Payments by Type															
Capital assets	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 658	1 748	19 987	6 767	6 882
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	234	234	238	234
Other Cash Flow/Payments	-	-	-	-	-	-	-	-	-	-	-	9 277	9 277	-	-
Total Cash Payments by Type	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 285	5 781	63 918	45 483	48 071
NET INCREASE/(DECREASE) IN CASH HELD	81	81	81	81	81	81	81	81	81	81	81	(1 482)	(587)	(243)	664
Cash/cash equivalents at the month/year begin:	2 887	2 969	3 050	3 131	3 213	3 294	3 376	3 457	3 538	3 620	3 701	3 782	2 887	2 300	2 057
Cash/cash equivalents at the month/year end:	2 969	3 050	3 131	3 213	3 294	3 376	3 457	3 538	3 620	3 701	3 782	2 300	2 300	2 057	2 721

2.10 Annual budgets and SDBIPs – internal departments

2.10.1 Water Services Department –

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

NC067 Khai-Ma - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	1 790	2 044	2 433	2 996	2 813	2 813	2 813	3 319	3 519	3 730
Property rates - penalties & collection charges		–	–	–	150	150	150	150	100	106	112
Service charges - electricity revenue	2	3 341	3 940	4 711	6 084	5 835	5 835	5 835	6 763	7 263	7 800
Service charges - water revenue	2	1 354	4 137	5 267	6 386	6 506	6 506	6 506	6 599	6 995	7 414
Service charges - sanitation revenue	2	607	637	719	1 132	1 132	1 132	1 132	1 631	1 729	1 833
Service charges - refuse revenue	2	422	474	527	739	691	691	691	763	809	857
Service charges - other		–	–	17	20	79	79	79	48	50	53
Rental of facilities and equipment		118	129	139	433	145	145	145	1 083	1 147	1 216
Interest earned - external investments		424	351	299	200	230	230	230	200	212	225
Interest earned - outstanding debtors		617	854	929	653	653	653	653	648	687	728
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		21	17	17	30	30	30	30	30	32	34
Licences and permits		24	29	26	36	36	36	36	36	38	40
Agency services		105	110	118	135	135	135	135	135	143	152
Transfers recognised - operational		20 871	20 651	20 762	29 502	30 343	24 609	24 609	23 216	18 130	18 839
Other revenue	2	1 121	598	606	1 185	1 644	1 644	1 644	3 979	3 931	4 126
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		30 816	33 974	36 569	49 680	50 421	44 687	44 687	48 549	44 790	47 159
Expenditure By Type											
Employee related costs	2	6 245	8 492	11 219	14 907	13 772	13 772	13 772	17 461	18 578	19 768
Remuneration of councillors		1 399	1 587	1 736	1 991	1 991	1 991	1 991	1 858	1 977	2 104
Debt impairment	3	1 575	4 249	4 520	1 936	1 826	1 826	1 826	2 550	2 134	2 239
Depreciation & asset impairment	2	1 769	2 094	2 161	2 392	2 397	2 397	2 397	2 886	2 637	2 766
Finance charges		899	658	511	347	347	347	347	226	382	401
Bulk purchases	2	4 003	4 951	6 327	6 504	6 904	6 904	6 904	7 327	7 918	8 556
Other materials	8	1 015	–	1 306	1 393	1 393	1 393	1 393	1 633	1 723	1 818
Contracted services		210	242	267	5	285	285	285	5	5	6
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure by type	4, 5	12 516	16 873	12 499	20 796	21 997	21 997	21 997	15 013	9 026	9 564
Loss on disposal of PPE		34	189	23	20	25	25	25	25	–	–
Total Expenditure		29 665	39 336	40 569	50 289	50 936	50 936	50 936	48 985	44 381	47 220
Surplus/(Deficit)											
Transfers recognised - capital	6	1 151	(5 362)	(3 999)	(610)	(515)	(6 250)	(6 250)	(436)	409	(61)
Contributions recognised - capital		8 601	3 147	4 545	14 463	28 006	28 006	28 006	19 897	6 767	6 882
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822

Table 19 Water Services Department – Performance objectives and indicators

The Infrastructure Manager is currently not appointed. The reduction of distribution losses is considered a priority and hence the departmental objectives and targets. In relation to this target, past performance has been irregular with a total distribution loss of 26 per cent in 2012/2013,

Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.

2.11 Contracts having future budgetary implications

In terms of the municipalities Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the municipalities capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class

NC067 Khai-Ma - Supporting Table SA34a Capital expenditure on new assets by asset class												
Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Capital expenditure on new assets by Asset Class/Sub-class												
Infrastructure			7 993	2 270	6 050	11 420	20 521	20 521	15 530	6 767	6 882	
Infrastructure - Road transport			656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882	
Roads, Pavements & Bridges			656	431	3 450	9 367	10 435	10 435	8 699	6 767	6 882	
Storm water			-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity			40	41	1 000	2 053	4 829	4 829	3 000	-	-	
Generation			-	-	-	-	-	-	-	-	-	
Transmission & Reticulation			40	41	1 000	2 053	4 829	4 829	3 000	-	-	
Street Lighting			-	-	-	-	-	-	-	-	-	
Infrastructure - Water			7 256	1 552	-	-	1 563	1 563	880	-	-	
Dams & Reservoirs			-	-	-	-	-	-	-	-	-	
Water purification			-	-	-	-	-	-	-	-	-	
Reticulation			7 256	1 552	-	-	1 563	1 563	880	-	-	
Infrastructure - Sanitation			40	70	1 600	-	3 694	3 694	2 951	-	-	
Reticulation			40	70	1 600	-	3 694	3 694	2 951	-	-	
Sewerage purification			-	-	-	-	-	-	-	-	-	
Infrastructure - Other			-	176	-	-	-	-	-	-	-	
Waste Management			-	176	-	-	-	-	-	-	-	
Transportation		2	-	-	-	-	-	-	-	-	-	
Gas			-	-	-	-	-	-	-	-	-	
Other		3	-	-	-	-	-	-	-	-	-	
Community			295	502	1 455	2 849	2 778	2 778	1 167	-	-	
Parks & gardens			-	-	-	-	-	-	-	-	-	
Sportsfields & stadia			-	-	-	-	-	-	-	-	-	
Swimming pools			-	-	-	-	-	-	-	-	-	
Community halls			-	-	1 446	2 778	2 662	2 662	1 167	-	-	
Libraries			85	85	9	71	116	116	-	-	-	
Recreational facilities			-	-	-	-	-	-	-	-	-	
Fire, safety & emergency			-	-	-	-	-	-	-	-	-	
Security and policing			-	-	-	-	-	-	-	-	-	
Buses			-	-	-	-	-	-	-	-	-	
Clinics			209	416	-	-	-	-	-	-	-	
Museums & Art Galleries			-	-	-	-	-	-	-	-	-	
Cemeteries			-	-	-	-	-	-	-	-	-	
Social rental housing			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
Heritage assets			-	2	-	-	-	-	-	-	-	
Buildings			-	2	-	-	-	-	-	-	-	
Other		9	-	-	-	-	-	-	-	-	-	
Investment properties			-	-	-	-	-	-	-	-	-	
Housing development			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
Other assets			764	566	1 560	1 535	6 100	6 100	3 290	-	-	
General vehicles			-	136	1 200	1 300	1 500	1 500	-	-	-	
Specialised vehicles			-	-	-	-	3 840	3 840	3 200	-	-	
Plant & equipment			98	146	-	70	70	70	-	-	-	
Computers - hardware/equipment			173	90	100	125	550	550	-	-	-	
Furniture and other office equipment			171	195	80	40	140	140	60	-	-	
Abattoirs			-	-	-	-	-	-	-	-	-	
Markets			-	-	-	-	-	-	-	-	-	
Civic Land and Buildings			-	-	-	-	-	-	-	-	-	
Other Buildings			218	-	180	-	-	-	-	-	-	
Other Land			103	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	30	-	-	
Agricultural assets			-	-	-	-	-	-	-	-	-	
List sub-class			-	-	-	-	-	-	-	-	-	
Biological assets			-	-	-	-	-	-	-	-	-	
List sub-class			-	-	-	-	-	-	-	-	-	
Intangibles			-	-	-	-	-	-	-	-	-	
Computers - software & programming			-	-	-	-	-	-	-	-	-	
Other (list sub-class)			-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on new assets			1	9 051	3 339	9 064	15 803	29 399	29 399	19 987	6 767	6 882
Specialised vehicles												
Refuse			-	-	-	-	3 840	3 840	3 200	-	-	
Fire			-	-	-	-	3 840	3 840	3 200	-	-	
Conservancy			-	-	-	-	-	-	-	-	-	
Ambulances			-	-	-	-	-	-	-	-	-	

Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

NC067 Khai-Ma - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Roads, Pavements & Bridges		-	-	-	-	-	-	-	-	-
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-

Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	-	-	-	-	-	-
Furniture and other office equipment		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (<i>list sub-class</i>)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC067 Khai-Ma - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		644	552	592	985	745	745	1 120	833	879
Infrastructure - Road transport		-	9	8	15	15	15	30	32	33
Roads, Pavements & Bridges		-	9	8	15	15	15	30	32	33
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		509	99	203	550	360	360	530	211	223
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		509	99	203	550	360	360	530	211	223
Street Lighting		-	-	-	-	-	-	-	-	-
Infrastructure - Water		103	374	369	400	350	350	530	559	590
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		103	374	369	400	350	350	530	559	590
Infrastructure - Sanitation		-	16	-	20	20	20	30	32	33
Reticulation		-	-	-	20	20	20	30	32	33
Sewerage purification		-	16	-	-	-	-	-	-	-
Infrastructure - Other		32	54	13	-	-	-	-	-	-
Waste Management		32	54	13	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		30	9	159	35	35	35	40	42	45
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	14	-	-	-	-	-	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		30	5	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Recreational facilities		-	4	9	15	15	15	15	16	17
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	20	20	20	25	26	28
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	137	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		66	502	560	687	540	540	748	789	832
General vehicles		-	267	412	450	298	298	450	475	501
Specialised vehicles	10	-	-	-	-	-	-	-	-	-
Plant & equipment		66	44	-	30	30	30	30	32	33
Computers - hardware/equipment		-	55	93	75	75	75	120	127	134
Furniture and other office equipment		-	46	4	66	66	66	67	71	75
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	90	23	56	61	61	71	74	78
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	26	10	10	10	10	11	11
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - softw are & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	1	740	1 063	1 311	1 707	1 320	1 320	1 908	1 664	1 756
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
R&M as a % of PPE		1.2%	1.7%	1.7%	2.1%	1.4%	1.4%	1.7%	1.5%	1.5%
R&M as % Operating Expenditure		2.5%	2.7%	3.2%	3.4%	2.6%	2.6%	3.9%	3.7%	3.7%

Table 61 MBRR SA35 - Future financial implications of the capital budget

NC067 Khai-Ma - Supporting Table SA35 Future financial implications of the capital budget							
Vote Description R thousand	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts		
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20 Present value
Capital expenditure	1						
Vote1 - Municipal Manager		60	-	-	-	-	-
Vote2 - Finance		-	-	-	-	-	-
Vote3 - Corporate Services		4 397	-	-	-	-	-
Vote4 - Infrastructure Development		15 530	6 767	6 882	-	-	-
Vote5 - Economic Development		-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-
Total Capital Expenditure		19 987	6 767	6 882	-	-	-
Future operational costs by vote	2						
Vote1 - Municipal Manager		-	-	-	-	-	-
Vote2 - Finance		-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	-	-	-
Vote4 - Infrastructure Development		-	-	-	-	-	-
Vote5 - Economic Development		-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-
Total future operational costs		-	-	-	-	-	-
Future revenue by source	3						
Property rates		-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-
List other revenues sources if applicable		-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-
Total future revenue		-	-	-	-	-	-
Net Financial Implications		19 987	6 767	6 882	-	-	-

Table 62 MBRR SA36: Detailed capital budget per municipal vote (continued)

NC067 Khai-Ma - Supporting Table SA36 Detailed capital budget																
Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Council General		Office Equipment			Yes	Other assets	Furniture and other office equipment					60	-	-		New
Municipal and Public Buildings		MIG:Community Halls			Yes	Community	Community halls					967	-	-		New
Roads		EPWP: Roads and Strom water			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					1 000	-	-		New
Roads		MIG: Roads and Storm water			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					7 347	6 767	6 882		New
Water		Development 198 Plots			Yes	Infrastructure - Water	Reticulation					880	-	-		New
Sewerage		Development 198 Plots			Yes	Infrastructure - Sanitation	Reticulation					2 311	-	-		New
Roads		Development 198 Plots			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					351	-	-		New
Municipal and Public Buildings		Abution Block			Yes	Community halls	Community Halls					200	-	-		New
Public Works		TV Transposer			Yes	Other	Other					30	-	-		New
Electricity		Upgrade Electricity			Yes	Transmission & Reticulation	Transmission & Reticulation					3 000	-	-		New
Public Works		Refuse Trucks			Yes	Refuse	Truck & LDV					3 200	-	-		New
Sewerage		Sewerage Reticulation			Yes	Reticulation	Reticulation					640	-	-		New
Parent Capital expenditure	1											19 987	6 767	6 882		

Table 63 MBRR SA37 - Projects delayed from previous financial year

Only the Development of the 198 stands was delayed. The project will be completed at the end of July 2014.

2.3 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance of the municipality.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
The Namakwa District Municipality established a Audit Committee. This committee is established to service three municipalities in the Namakwa region.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the municipality training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 1197 of 28 May 2008. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance

NC067 Khai-Ma - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		8 599	15 963	17 215	12 007	11 997	11 997	11 997	13 125	13 912	14 747
less Revenue Foregone		6 809	13 919	14 782	9 011	9 184	9 184	9 184	9 805	10 394	11 017
Net Property Rates		1 790	2 044	2 433	2 996	2 813	2 813	2 813	3 319	3 519	3 730
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		3 675	4 337	5 158	6 564	6 315	6 315	6 315	7 243	7 778	8 353
less Revenue Foregone		334	398	446	480	480	480	480	480	515	554
Net Service charges - electricity revenue		3 341	3 940	4 711	6 084	5 835	5 835	5 835	6 763	7 263	7 800
Service charges - water revenue	6										
Total Service charges - water revenue		4 519	5 742	7 131	9 172	9 022	9 022	9 022	9 350	9 911	10 506
less Revenue Foregone		3 165	1 604	1 864	2 786	2 516	2 516	2 516	2 751	2 916	3 091
Net Service charges - water revenue		1 354	4 137	5 267	6 386	6 506	6 506	6 506	6 599	6 995	7 414
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		1 656	1 799	1 978	2 866	2 722	2 722	2 722	3 538	3 751	3 976
less Revenue Foregone		1 049	1 162	1 260	1 734	1 590	1 590	1 590	1 907	2 022	2 143
Net Service charges - sanitation revenue		607	637	719	1 132	1 132	1 132	1 132	1 631	1 729	1 833
Service charges - refuse revenue	6										
Total refuse removal revenue		1 504	1 676	1 838	2 371	2 241	2 241	2 241	2 558	2 712	2 875
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone		1 082	1 202	1 310	1 632	1 550	1 550	1 550	1 795	1 903	2 017
Net Service charges - refuse revenue		422	474	527	739	691	691	691	763	809	857
Other Revenue by source											
Other revenue		1 121	598	606	1 185	1 644	1 644	1 644	3 979	3 931	4 126
Total 'Other' Revenue	1	1 121	598	606	1 185	1 644	1 644	1 644	3 979	3 931	4 126
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	4 027	5 640	7 384	9 228	8 818	8 818	8 818	11 198	11 915	12 677
Pension and UIF Contributions		664	863	871	1 423	1 226	1 226	1 226	1 907	2 029	2 158
Medical Aid Contributions		-	-	310	994	636	636	636	688	732	779
Overtime		393	579	730	648	638	638	638	787	837	891
Performance Bonus		228	333	492	659	585	585	585	863	918	977
Motor Vehicle Allowance		291	327	1 254	740	407	407	407	573	609	648
Cellphone Allowance		-	-	-	-	-	-	-	-	-	-
Housing Allowances		16	16	12	22	14	14	14	4	4	4
Other benefits and allowances		-	-	37	675	930	930	930	811	863	918
Payments in lieu of leave		178	268	131	204	204	204	204	278	296	315
Long service awards		-	6	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		447	460	-	315	315	315	315	352	375	398
sub-total	5	6 245	8 492	11 219	14 907	13 772	13 772	13 772	17 461	18 578	19 768
Less: Employees costs capitalised to PPE		-	-	-	-	-	-	-	-	-	-
Total Employee related costs	1	6 245	8 492	11 219	14 907	13 772	13 772	13 772	17 461	18 578	19 768
Contributions recognised - capital											
List contributions by contract		-	-	-	-	-	-	-	-	-	-
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-

Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		1 756	2 094	2 161	2 392	2 397	2 397	2 397	2 886	2 637	2 766
Lease amortisation		-	-	-	-	-	-	-	-	-	-
Capital asset impairment		13	-	-	-	-	-	-	-	-	-
Depreciation resulting from revaluation of PPE	10	-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	1 769	2 094	2 161	2 392	2 397	2 397	2 397	2 886	2 637	2 766
Bulk purchases											
Electricity Bulk Purchases		2 666	3 302	4 218	4 504	4 604	4 604	4 604	4 890	5 284	5 710
Water Bulk Purchases		1 337	1 649	2 109	2 000	2 300	2 300	2 300	2 438	2 634	2 846
Total bulk purchases	1	4 003	4 951	6 327	6 504	6 904	6 904	6 904	7 327	7 918	8 556
Transfers and grants											
Cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Non-cash transfers and grants		-	-	-	-	-	-	-	-	-	-
Total transfers and grants	1	-	-	-	-	-	-	-	-	-	-
Contracted services											
Electricity		210	242	267	-	280	280	280			
Job Evaluations		-	-	-	5	5	5	5	5	5	6
<i>sub-total</i>	1	210	242	267	5	285	285	285	5	5	6
Allocations to organs of state:											
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total contracted services		210	242	267	5	285	285	285	5	5	6
Other Expenditure By Type											
Collection costs		-	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Consultant fees		-	-	-	-	-	-	-	-	-	-
Audit fees		900	1 077	374	700	470	470	470	620	654	690
General expenses	3	2 447	4 674	2 518	3 332	3 459	3 459	3 459	3 411	3 598	3 796
Repairs and Maintenance		740	1 063	1 311	1 707	1 320	1 320	1 320	1 908	1 664	1 756
Other Operating Grant Expenditure		8 430	10 059	8 295	15 057	16 749	16 749	16 749	9 075	3 110	3 322
		-	-	-	-	-	-	-	-	-	-
Total 'Other' Expenditure	1	12 516	16 873	12 499	20 796	21 997	21 997	21 997	15 013	9 026	9 564
Repairs and Maintenance		8									
Employee related costs		-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-
Contracted Services		-	-	-	-	-	-	-	-	-	-
Other Expenditure		740	1 063	1 311	1 707	1 320	1 320	1 320	1 908	1 664	1 756
Total Repairs and Maintenance Expenditure	9	740	1 063	1 311	1 707	1 320	1 320	1 320	1 908	1 664	1 756

NC067 Khai-Ma - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and de

Description	Ref	Vote1 - Municipal Manager	Vote2 - Finance	Vote3 - Corporate Services	Vote4 - Infrastructur e Development	Vote5 - Economic Development	Total
R thousand	1						
Revenue By Source							
Property rates		-	3 319	-	-	-	3 319
Property rates - penalties & collection charges		-	100	-	-	-	100
Service charges - electricity revenue		-	-	-	6 763	-	6 763
Service charges - water revenue		-	-	-	6 599	-	6 599
Service charges - sanitation revenue		-	-	-	1 631	-	1 631
Service charges - refuse revenue		-	-	-	763	-	763
Service charges - other		-	-	13	35	-	48
Rental of facilities and equipment		-	1 081	-	2	-	1 083
Interest earned - external investments		-	-	200	-	-	200
Interest earned - outstanding debtors		-	-	-	648	-	648
Dividends received		-	-	-	-	-	-
Fines		-	30	-	-	-	30
Licences and permits		-	36	-	-	-	36
Agency services		-	135	-	-	-	135
Other revenue		-	2 802	147	1 030	-	3 979
Transfers recognised - operational		-	16 555	777	-	5 884	23 216
Gains on disposal of PPE		-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		-	24 058	1 136	17 471	5 884	48 549
Expenditure By Type							
Employee related costs		2 179	1 636	5 381	7 201	1 064	17 461
Remuneration of councillors		1 858	-	-	-	-	1 858
Debt impairment		-	200	-	2 350	-	2 550
Depreciation & asset impairment		268	2	1 021	1 596	-	2 886
Finance charges		-	16	-	210	-	226
Bulk purchases		-	400	-	6 927	-	7 327
Other materials		-	-	197	1 437	-	1 633
Contracted services		-	-	5	-	-	5
Transfers and grants		-	-	-	-	-	-
Other expenditure by type		380	3 444	871	4 211	6 108	15 013
Loss on disposal of PPE		25	-	-	-	-	25
Total Expenditure		4 710	5 697	7 474	23 932	7 172	48 985
Surplus/(Deficit)		(4 710)	18 360	(6 338)	(6 461)	(1 288)	(436)
Transfers recognised - capital		-	-	4 367	15 530	-	19 897
Contributions recognised - capital		-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(4 710)	18 360	(1 971)	9 069	(1 288)	19 461

Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position

NC067 Khai-Ma - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days		5 021	9 296	200	3 000	200	200	200	200	200	200
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	5 021	9 296	200	3 000	200	200	200	200	200	200
Consumer debtors											
Consumer debtors		7 150	12 708	12 811	18 018	22 046	22 046	22 046	27 216	33 588	38 950
Less: Provision for debt impairment		(5 223)	(10 036)	(8 731)	13 785	16 986	16 986	16 986	(19 536)	(21 670)	(23 909)
Total Consumer debtors	2	1 927	2 672	4 080	4 233	5 059	5 059	5 059	7 679	11 918	15 041
Debt impairment provision											
Balance at the beginning of the year		6 495	5 223	6 918	11 850	15 161	15 161	15 161	16 986	19 536	21 670
Contributions to the provision		1 570	7 958	1 813	1 936	1 826	1 826	1 826	2 550	2 134	2 239
Bad debts written off		(2 842)	(3 145)	–	–	–	–	–	–	–	–
Balance at end of year		5 223	10 036	8 731	13 785	16 986	16 986	16 986	19 536	21 670	23 909
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		75 206	77 907	94 590	100 437	111 721	111 721	111 721	131 708	138 476	145 358
Leases recognised as PPE	3	–	100	–	100	–	–	–	–	–	–
Less: Accumulated depreciation		12 261	13 934	16 549	18 772	18 342	18 342	18 342	21 176	23 761	26 475
Total Property, plant and equipment (PPE)	2	62 945	64 073	78 040	81 765	93 379	93 379	93 379	110 533	114 715	118 884
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		260	19	–	–	–	–	–	–	–	–
Total Current liabilities - Borrowing		260	19	–	–	–	–	–	–	–	–
Trade and other payables											
Trade and other creditors		5 907	6 838	6 324	7 522	7 338	7 338	7 338	12 254	12 928	13 639
Unspent conditional transfers		6 118	10 527	2 849	–	–	–	9 277	–	–	–
VAT		–	–	88	–	–	–	–	–	–	–
Total Trade and other payables	2	12 025	17 365	9 260	7 522	7 338	7 338	16 615	12 254	12 928	13 639
Non current liabilities - Borrowing											
Borrowing	4	74	–	–	1 300	1 300	1 300	1 300	1 066	828	594
Finance leases (including PPP asset element)		–	55	–	–	–	–	–	–	–	–
Total Non current liabilities - Borrowing		74	55	–	1 300	1 300	1 300	1 300	1 066	828	594
Provisions - non-current											
Retirement benefits		2 969	3 664	3 336	4 031	4 405	4 405	4 405	4 882	5 358	5 701
List other major provision items		–	–	–	–	–	–	–	–	–	–
Refuse landfill site rehabilitation		3 170	3 863	3 561	4 095	3 791	3 791	3 791	4 019	4 031	4 270
Other		–	–	–	–	–	–	–	–	–	–
Total Provisions - non-current		6 138	7 527	6 897	8 125	8 196	8 196	8 196	8 900	9 390	9 971
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		33 560	52 476	61 419	69 928	51 239	51 239	51 239	76 609	96 205	103 516
GRAP adjustments		9 029	167	7 829	–	3 480	3 480	3 480	–	–	–
Restated balance		42 589	52 643	69 248	69 928	54 719	54 719	54 719	76 609	96 205	103 516
Surplus/(Deficit)		9 752	(2 215)	546	13 854	27 490	21 756	21 756	19 461	7 176	6 822
Appropriations to Reserves		(1)	(1)	(1)	–	(1)	(1)	(1)	(1)	(1)	(1)
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		135	135	135	135	135	135	135	135	135	135
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	52 476	50 563	69 928	83 917	82 344	76 609	76 609	96 205	103 516	110 473
Reserves											
Housing Development Fund		14	15	14	14	16	16	16	17	17	18
Capital replacement		–	–	–	–	–	–	–	–	–	–
Self-insurance		–	–	–	–	–	–	–	–	–	–
Other reserves		–	–	–	–	–	–	–	–	–	–
Revaluation		4 069	3 934	3 753	3 663	3 663	3 663	3 663	3 528	3 393	3 257
Total Reserves	2	4 083	3 949	3 767	3 677	3 679	3 679	3 679	3 545	3 410	3 275
TOTAL COMMUNITY WEALTH/EQUITY	2	56 560	54 511	73 694	87 594	86 023	80 289	80 289	99 750	106 927	113 748

Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC067 Khai-Ma - Supporting Table SA9 Social, economic and demographic statistics and assumptions												
Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						13	13	14	11.518	12.465	13	13
Females aged 5 - 14						-	-	-	1.110	1.127	1	1
Males aged 5 - 14						-	-	-	1.186	1.209	1	1
Females aged 15 - 34						6	6	6	1.890	1.928	2	2
Males aged 15 - 34						7	7	7	2.263	2.308	2	2
Unemployment						1	1	1	0.749	0.730	1	1
Monthly household income (no. of households)												
No income	1, 12								0.102	0.104	106	108
R1 - R1 600									2.228	2.272	2 318	2 364
R1 601 - R3 200									0.451	0.460	469	478
R3 201 - R6 400									0.402	0.410	418	427
R6 401 - R12 800									0.206	0.210	214	219
R12 801 - R25 600									0.044	0.045	56	57
R25 601 - R51 200									0.012	0.013	15	20
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13								2			
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						13	13	14	2	2	2	2
Number of poor people in municipal area						6	7	7	0	0	0	0
Number of households in municipal area						2	2	2	2			
Number of poor households in municipal area						2	2	2	2	2	2	2
Definition of poor household (R per month)						2 010	2 280	2 348	2 625	2 677	2 731	2 785
Housing statistics												
Formal	3					473	487	502	523	533	544	555
Informal						2 682	2 762	2 845	2 923	2 981	3 041	3 102
Total number of households			-	-	-	3 155	3 249	3 347	3 446	3 514	3 585	3 657
Dwellings provided by municipality	4					-	-	-				
Dwellings provided by province/s						-	-	384				
Dwellings provided by private sector	5					-	-	-				
Total new housing dwellings			-	-	-	-	-	384	-	-	-	-
Economic												
Inflation/inflation outlook (CPIX)	6					5.5%	5.7%	5.9%	5.9%	5.6%	5.4%	5.4%
Interest rate - borrowing						10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Interest rate - investment						8.0%	6.0%	6.0%	6.0%	5.0%	5.0%	5.0%
Remuneration increases						7.0%	7.0%	5.0%	5.0%	6.8%	6.4%	6.4%
Consumption growth (electricity)						1.0%	1.0%	1.0%	1.0%	5.0%	5.0%	5.0%
Consumption growth (water)						10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Collection rates												
Property tax/service charges	7					100.0%	100.0%	85.0%	80.0%			
Rental of facilities & equipment						80.0%	80.0%	80.0%	80.0%			
Interest - external investments						100.0%	100.0%	80.0%	80.0%			
Interest - debtors						100.0%	100.0%	60.0%	60.0%			
Revenue from agency services						100.0%	100.0%	100.0%	100.0%			

Table 68 MBRR SA32 – List of external mechanisms

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NC067 Khai-Ma - Supporting Table SA32 List of external mechanisms					
External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
PELLA WATER BOARD	Yrs	ONGOING	WATER	ONGOING	100
PAYDAY	Yrs	ONGOING	MAINTENANCE AGREEMENT	ONGOING	
NASHUA	Yrs	5	PHOTO COPIERS	30/11/2016	
BUSINESS CONNEXIONS	Yrs	ONGOING	MAINTENANCE AGREEMENT	ONGOING	

2.13 Municipal Manager's quality certificate

I, K. K. Khumalo, Municipal Manager of Khâi-MA Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name K. K. Khumalo

Municipal manager of Khâi-MA MUNICIPALITY (NC067)

Signature 

Date 31/05/2014



MARCH 2014

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